

**LEXINGTON-FAYETTE
URBAN COUNTY GOVERNMENT
ORGANIZATIONAL REVIEW**

February 2008



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February 22, 2008

The Honorable James Newberry
Mayor
Lexington-Fayette Urban County Government
200 E. Main Street
Lexington, KY 40507

Dear Mayor Newberry:

I am pleased to submit our Organizational Review of the Lexington-Fayette Urban County Government. Your vision and forethought in pursuing this review has led to a report that describes opportunities for improving both services provided to residents and the financial bottom line. This report can be used as a roadmap for prioritizing and addressing key items, as well as charting a path for the future.

This process included a review of all of the government's operations to identify opportunities for improvement, either in the way services are provided to the City of Lexington residents, or in increasing the efficiency of the government.

Your goal was to make the City work "better, faster and cheaper." We reviewed the entire government with that in mind and have been aggressive in identifying best practices for consideration and implementation in Lexington.

While this review was planned to cover the entirety of the government, it was not designed to provide focused, detailed analysis of specific, individual government functions. Some of the recommendations, therefore, identify areas where additional analysis will, in our professional opinion, discover significant opportunities for improvement on a cost-effective basis.

It has been a pleasure to work with you and the Lexington staff on this analysis. You have put together a talented and committed leadership team in the organization; as such, the City is in a unique position to address organizational and programmatic issues and to provide for a future that is fiscally sound with an improving quality of life for Lexington residents.

Sincerely,

Gerald E. Newfarmer
President and CEO

TABLE OF CONTENTS

A. EXECUTIVE SUMMARY.....	1
B. BACKGROUND.....	3
C. PROJECT APPROACH.....	5
INDIVIDUAL INTERVIEWS.....	5
EMPLOYEE SURVEY.....	5
EMPLOYEE FOCUS GROUPS.....	6
BENCHMARKING.....	6
DOCUMENT REVIEW AND DATA ANALYSIS.....	7
D. BENCHMARK COMPARISONS.....	9
SELECTION OF COMPARABLE CITIES.....	9
LIMITATIONS AND USE OF BENCHMARKING DATA.....	10
DEMOGRAPHIC AND GENERAL FUND FINANCIAL DATA.....	11
THE GOVERNMENT.....	16
E. EMPLOYEE INPUT.....	25
EMPLOYEE SURVEY.....	25
EMPLOYEE FOCUS GROUPS.....	32
F. CORPORATE RECOMMENDATIONS.....	35
STRATEGIC MANAGEMENT AND PLANNING.....	35
PERFORMANCE MANAGEMENT.....	37
TECHNOLOGY.....	39
OVERALL FISCAL CAPACITY AND MANAGEMENT.....	39
OTHER CORPORATE ISSUES.....	40
G. DEPARTMENT OF FINANCE AND ADMINISTRATION.....	43
ADMINISTRATION.....	44
DIVISION OF ACCOUNTING.....	49
DIVISION OF CENTRAL PURCHASING.....	51
DIVISION OF REVENUE.....	54
DIVISION OF COMMUNITY DEVELOPMENT.....	60
DIVISION OF HUMAN RESOURCES.....	64
CONCLUSION.....	76
H. DEPARTMENT OF GENERAL SERVICES.....	77
COMMISSIONER'S OFFICE.....	78
BUILDING MAINTENANCE AND CONSTRUCTION.....	82
DIVISION OF FLEET SERVICES.....	93
DIVISION OF PARKS AND RECREATION.....	109
CONCLUSION.....	127

I. DEPARTMENT OF LAW.....	129
DIVISION OF RISK MANAGEMENT	130
DIVISIONS OF CORPORATE COUNSEL AND LITIGATION.....	135
CONCLUSION.....	148
J. DEPARTMENT OF PUBLIC WORKS AND DEVELOPMENT.....	149
DIVISION OF ENGINEERING	150
DIVISION OF STREETS, ROADS, AND FORESTRY.....	155
DIVISION OF TRAFFIC ENGINEERING.....	161
DIVISION OF HISTORIC PRESERVATION	164
DIVISION OF PLANNING	168
DIVISION OF BUILDING INSPECTION	184
CONCLUSION.....	192
K. DEPARTMENT OF ENVIRONMENTAL QUALITY	193
OFFICE OF COMPLIANCE	196
DIVISION OF WATER AND AIR QUALITY	200
DIVISION OF WASTE MANAGEMENT.....	208
CONCLUSION.....	221
L. DEPARTMENT OF PUBLIC SAFETY	223
PUBLIC SAFETY DEPARTMENT ADMINISTRATION.....	224
DIVISION OF CODE ENFORCEMENT	224
GRANT COMPLIANCE INSPECTIONS.....	228
DIVISION OF COMMUNITY CORRECTIONS.....	229
DIVISION OF ENHANCED 911	233
DIVISION OF ENVIRONMENTAL AND EMERGENCY MANAGEMENT.....	239
DIVISION OF FIRE AND EMERGENCY SERVICES	242
DIVISION OF POLICE.....	252
CONCLUSION.....	271
M. DEPARTMENT OF SOCIAL SERVICES	273
OFFICE OF THE COMMISSIONER.....	275
DIVISION OF ADULT SERVICES.....	283
DIVISION OF FAMILY SERVICES.....	286
DIVISION OF YOUTH SERVICES	288
CONCLUSION.....	293
N. MAYOR AND ADVISORS	295
OFFICE OF THE CHIEF INFORMATION OFFICER.....	298
OFFICE OF POLICY AND BUDGET	320
CONCLUSION.....	325
CONCLUSION	327
ATTACHMENT A – SUMMARY OF RECOMMENDATIONS	329
ATTACHMENT E-1 SUMMARY OF EMPLOYEE SURVEY	361
ATTACHMENT E-2 RESULTS OF EMPLOYEE FOCUS GROUPS ..	373
ATTACHMENT G – 1 PROCESS MAPS OF CITY’S PURCHASING PROCESS FOR COMMODITIES AND PROFESSIONAL SERVICES.	395

ATTACHMENT G-2 PROCESS MAPS OF THE CITY'S COLLECTIONS PROCESS	397
ATTACHMENT G-3 PROCESS MAP OF THE CITY'S HIRING PROCESS.....	399
ATTACHMENT G-4 PROCESS MAP OF THE CITY'S RECOMMENDED HIRING PROCESS	401
ATTACHMENT H-1 FACILITIES MAINTENANCE BEST PRACTICES CATEGORIES AND CITY STATUS	403
ATTACHMENT H-2 EXAMPLES OF FLEET MANAGEMENT PERFORMANCE MEASURES	411
ATTACHMENT H-3 SAMPLES OF FLEET MANAGEMENT INFORMATION REPORTS	413
ATTACHMENT H-4 MEDIUM AND HEAVY DUTY TRUCKS THAT HAVE LOW OR MEDIUM USE RATES	414
ATTACHMENT H-5 LOW AND MEDIUM-USE VEHICLES RECOMMENDED FOR REDUCTION OR POOLING.....	419
ATTACHMENT H-6 COMPARISON OF CITY POOL VEHICLE COST VERSUS EMPLOYEE REIMBURSEMENT	423
ATTACHMENT H-7 COMPARISON OF CITY POOL VEHICLE COST VERSUS EMPLOYEE REIMBURSEMENT VS RENTAL	425
ATTACHMENT H-8 DETAILED CALCULATION OF CITY'S LABOR RATES AND FLEET COSTS	427
ATTACHMENT H-9 PARKS AND RECREATION BEST PRACTICES MATRIX	429
ATTACHMENT H-10 PROCESS MAP OF CITY'S CAPITAL IMPROVEMENT PROCESS (CIP)	431
ATTACHMENT J-1 PROCESS MAPS FOR ZONING AND MAJOR SUBDIVISION AND DEVELOPMENT PLANS.....	433
ATTACHMENT L-1 APPLYING THE WORKLOAD-RELATED STAFFING METHODOLOGY TO INVESTIGATIONS.....	435
ATTACHMENT N-1 BLUE SHEET PROCESS MAP	439

TABLES

TABLE D1: BENCHMARK JURISDICTIONS.....	10
TABLE E1: NUMBER OF RESPONSES BY DEPARTMENT OR DIVISION	25
TABLE E2: PRIDE IN WORK FOR THE CITY.....	26
TABLE E3: ENCOURAGEMENT OF NEW IDEAS	27
TABLE E4: ENCOURAGEMENT OF INITIATIVE AND JUDGMENT	27
TABLE E5: CLEAR UNDERSTANDING OF RESPONSIBILITIES AND EXPECTATIONS.....	28
TABLE E6: LEXINGTON AS A GOOD PLACE TO WORK.....	28
TABLE E7: COMMUNICATION AT THE DEPARTMENT LEVEL	29
TABLE E8: COMMUNICATION CITYWIDE.....	29
TABLE E9: PERCEIVED COOPERATION BETWEEN CITY DEPARTMENTS	30
TABLE E10: RESOURCES AND PERSONNEL NECESSARY FOR THE JOB.....	30
TABLE E11: FAITH IN THE CIVIL-SERVICE SELECTION PROCESS ..	31
TABLE E12: EMPLOYEE RECOGNITION	31
TABLE E13: EMPLOYEE APPRECIATION.....	32
TABLE G1: INTEREST EARNINGS COMPARED TO GENERAL SERVICES FUND REVENUE	45
TABLE G2: RECOMMENDED RISK MANAGEMENT PERSONNEL CHANGES	46
TABLE G3: CURRENT PURCHASING REQUIREMENTS.....	51
TABLE G4: REVENUE DIVISION NEW POSITIONS COST	56
TABLE G3: PARKING AUTHORITY FUNCTIONS, POWERS, AND RESPONSIBILITIES	56
TABLE H1: POSITION CHANGES ASSOCIATED WITH RECOMMENDATIONS FOR THE DEPARTMENT OF GENERAL SERVICES	81
TABLE H2: POSITION CHANGES ASSOCIATED WITH RECOMMENDATIONS FOR THE FACILITIES MANAGEMENT DIVISION	87
TABLE H3: FY07 ACTUAL UTILITIES EXPENSES	92
TABLE H4: UTILITY CONSUMPTION MATRIX SAMPLE	92
TABLE H5: FLEET SERVICES RECOMMENDED PERSONNEL CHANGES	94

TABLE H6: PARKS AND RECREATION SUPERINTENDENT DIRECT REPORTS.....	112
TABLE H7: REALLOCATED PARKS AND RECREATION STAFF AND BUDGETS	113
TABLE H8: REVENUES FOR ENTERPRISE FUND RECREATION PROGRAMS	118
TABLE H9: PARKS AND RECREATION COST RECOVERY SCHEDULE.....	119
TABLE H10: FY 200707 GOLF COURSE EXPENSE REPORT ENDING JUNE 30, 2007	120
TABLE H13: FY07 SWIMMING EXPENSE REPORT ENDING JUNE 30, 2007	124
TABLE H14: PARKS AND RECREATION RECOMMENDED PERSONNEL CHANGES.....	126
TABLE J1: RECOMMENDED PERSONNEL CHANGES FOR CAPITAL IMPROVEMENT PROJECT MANAGEMENT	153
TABLE J2: PEER ORGANIZATION STRUCTURES FOR HISTORIC PRESERVATION	166
TABLE J3: PLANNING DIVISION WORKLOAD DATA.....	169
TABLE J4: TRANSPORTATION PLANNING FUNCTIONS IN BENCHMARK JURISDICTIONS	170
TABLE J5: LOCAL SHARE TO JESSAMINE COUNTY BASED ON MPO LOCAL MATCH.....	171
TABLE J6: TOTAL MPO SALARIES	172
TABLE J7: PLANNING DIVISION - ADMINISTRATIVE AND TECHNICAL STAFF BY PROGRAM.....	174
TABLE J8: PLANNING DIVISION REVIEW TIMES.....	176
TABLE J9: PLANNING COMMISSION WORKLOAD DATA.....	180
TABLE J10: BOARD OF ADJUSTMENT REVIEW TIMELINES	182
TABLE J11: PLANNING DIVISION POSITION SAVINGS	183
TABLE J12: BUILDING INSPECTION BUILDING PERMIT SUMMARY.....	184
TABLE J13: TUESDAY REVIEW BOARD MEETINGS.....	187
TABLE J14: STAFFING TABLE - EXISTING RESIDENTIAL CONSTRUCTION	188
TABLE K1: OFFICE OF THE COMMISSIONER FOR ENVIRONMENTAL QUALITY POSITION IMPACT	196
TABLE K2: DIVISION OF ENVIRONMENTAL POLICY POSITION IMPACT.....	200

TABLE K3: DIVISION OF WATER AND AIR QUALITY POSITION IMPACT.....	208
TABLE K4: STAFFING CHANGES TO THE DIVISION OF WASTE MANAGEMENT.....	219
TABLE L1: DIVISION OF CODE ENFORCEMENT RECOMMENDED PERSONNEL CHANGES.....	228
TABLE L2: CORRECTIONS REPORTING RELATIONSHIPS.....	230
TABLE L3: PROPOSED CORRECTIONS REPORTING RELATIONSHIPS.....	230
TABLE L4: MERGED DEEM/E-911 DIVISION POSITION TRANSFERS IN 238	
TABLE L5: MERGED DEEM/E-911 DIVISION POSITION TRANSFERS OUT	238
TABLE L6: MERGED DEEM/E-911 DIVISION POSITIONS TO BE ADDED AND ELIMINATED	239
TABLE L7: DIVISION OF ENVIRONMENTAL AND EMERGENCY MANAGEMENT POSITION TRANSFERS	242
TABLE L8: EMS AMBULANCE STAFFING BENCHMARKING SURVEY RESULTS.....	251
TABLE L9: FIRE AND EMERGENCY MEDICAL SERVICES DIVISION POSITION SAVINGS	252
TABLE L10: FIRE AND EMERGENCY SERVICES DIVISION POSITION TRANSFERS.....	252
TABLE L11: LEXINGTON POLICE DIVISION BY JOB TITLE	254
TABLE L12: POLICE DIVISION STAFFING BY DIRECT SERVICE AND SUPPORT POSITIONS	261
TABLE L13: SWORN POSITIONS RECOMMENDED TO BE FILLED BY CIVILIAN EMPLOYEES.....	264
TABLE L14: ACTUAL ALARM RESPONSE DATA, 2002-2006	266
TABLE L15: CURRENT TRAFFIC SECTION STAFFING.....	270
TABLE L16: POLICE DIVISION POSITION SAVINGS	270
TABLE N1: COMPUTER HARDWARE AND OPERATING SYSTEM IN USE	305
TABLE N2: RECOMMENDED PERSONNEL CHANGES IN GIS	314

FIGURES

FIGURE D1: TYPE I CRIMES PER CAPITA	12
FIGURE D2: INCOME PER CAPITA	12
FIGURE D3: MEDIAN HOUSEHOLD INCOME	13
FIGURE D4: AVERAGE POPULATION GROWTH	13
FIGURE D5: GENERAL FUND BUDGET PER CAPITA.....	14
FIGURE D6: CAPITAL IMPROVEMENT PROGRAM (CIP) PER CAPITA.....	14
FIGURE D7: PARK ACREAGE PER 1000 POPULATION.....	15
FIGURE D8: BALL FIELDS PER 1000 POPULATION	15
FIGURE D9: EMPLOYEES PER 1000 POPULATION.....	16
FIGURE D10: LAW DEPARTMENT BUDGET COMPARISON	16
FIGURE D11: LAW DEPARTMENT STAFFING.....	17
FIGURE D12: FINANCE DEPARTMENT STAFFING COMPARISON....	17
FIGURE D13: HUMAN RESOURCES STAFFING	18
FIGURE D14: CITY EMPLOYEES PER HUMAN RESOURCES EMPLOYEE	18
FIGURE D15: SWORN POLICE OFFICERS PER 1000 POPULATION .	19
FIGURE D16: SWORN POLICE OFFICERS AS PERCENTAGE OF TOTAL POLICE DEPARTMENT STAFFING	20
FIGURE D17: FIRE STAFFING PER 1000 POPULATION.....	20
FIGURE D18: NUMBER OF FIRE STATIONS	21
FIGURE D19: NUMBER OF FIRE STATIONS PER 1000 POPULATION	21
FIGURE D20: FIRE APPARATUS PER 1000 POPULATION.....	22
FIGURE D21: CODE ENFORCEMENT STAFFING	22
FIGURE D22: CODE ENFORCEMENT AS A PERCENTAGE OF THE GENERAL FUND	23
FIGURE G1: DEPARTMENT OF FINANCE AND ADMINISTRATION CURRENT ORGANIZATIONAL STRUCTURE.....	43
FIGURE G2: DEPARTMENT OF FINANCE AND ADMINISTRATION RECOMMENDED ORGANIZATIONAL STRUCTURE.....	48
FIGURE H1: DEPARTMENT OF GENERAL SERVICES ORGANIZATIONAL STRUCTURE	78
FIGURE H2: GENERAL SERVICES ADMINISTRATION CURRENT ORGANIZATION STRUCTURE	80

FIGURE H3: PROPOSED GENERAL SERVICES ORGANIZATION STRUCTURE	81
FIGURE H4: PROPOSED NEW FACILITIES AND FLEET MANAGEMENT DIVISION	88
FIGURE H5: FLEET DISTRIBUTION BY MILES DRIVEN.....	96
FIGURE H6: DISTRIBUTION OF HEAVY EQUIPMENT BY HOURS USED	97
FIGURE H7: CURRENT PARKS AND RECREATION ORGANIZATION CHART	110
FIGURE H8: PROPOSED PARKS AND RECREATION ORGANIZATION CHART	113
FIGURE H11: NET REVENUES PER CAPITA FOR GOLF IN OTHER CITIES (NOT INCLUDING DEBT SERVICE)	121
FIGURE H12: GOLF SERVICES REVENUES AS PERCENT OF TOTAL RECREATION REVENUES	122
FIGURE I1: DEPARTMENT OF LAW ORGANIZATIONAL STRUCTURE	129
TABLE I1: DEPARTMENT OF LAW POSITION SAVINGS.....	133
FIGURE I2: DEPARTMENT OF LAW PROPOSED ORGANIZATIONAL STRUCTURE	139
FIGURE J1: DEPARTMENT OF PUBLIC WORKS ORGANIZATIONAL STRUCTURE	150
FIGURE J2: RECOMMENDED DEPARTMENT OF PUBLIC WORKS ORGANIZATION STRUCTURE	154
FIGURE J3: RECOMMENDED PLANNING DIVISION ORGANIZATION CHART	183
FIGURE K1: DEPARTMENT OF ENVIRONMENTAL QUALITY ORGANIZATIONAL STRUCTURE AND STAFFING	194
FIGURE K2: DEPARTMENT OF ENVIRONMENTAL QUALITY PROPOSED ORGANIZATIONAL STRUCTURE AND STAFFING	195
FIGURE K3: OFFICE OF COMPLIANCE ORGANIZATIONAL STRUCTURE AND STAFFING	196
FIGURE K4: DIVISION OF ENVIRONMENTAL POLICY PROPOSED FUNCTIONAL ORGANIZATIONAL STRUCTURE	200
FIGURE K5: DIVISION OF WATER QUALITY CURRENT ORGANIZATIONAL STRUCTURE AND STAFFING	202
FIGURE K6: DIVISION OF WATER QUALITY PROPOSED ORGANIZATIONAL STRUCTURE AND STAFFING	205
FIGURE K7: DIVISION OF WASTE MANAGEMENT ORGANIZATIONAL STRUCTURE AND STAFFING	210

FIGURE K8: PROPOSED ORGANIZATION STRUCTURE FOR WASTE MANAGEMENT	220
FIGURE L1: DEPARTMENT OF PUBLIC SAFETY ORGANIZATIONAL STRUCTURE	223
FIGURE L2: DIVISION OF CODE ENFORCEMENT ORGANIZATIONAL STRUCTURE	224
FIGURE L3: DIVISION OF CODE ENFORCEMENT RECOMMENDED ORGANIZATIONAL STRUCTURE	228
FIGURE L4: DIVISION OF COMMUNITY CORRECTIONS ORGANIZATIONAL STRUCTURE	229
FIGURE L5: DIVISION OF ENHANCED 911 ORGANIZATIONAL STRUCTURE	234
FIGURE L6: DIVISION OF ENVIRONMENTAL AND EMERGENCY MANAGEMENT ORGANIZATIONAL STRUCTURE	240
FIGURE L7: DIVISION OF FIRE AND EMERGENCY SERVICES ORGANIZATIONAL STRUCTURE	244
FIGURE L8: DIVISION OF POLICE ORGANIZATIONAL STRUCTURE	253
TABLE L17: POLICE DIVISION NEW POSITIONS COST	271
FIGURE M1: DEPARTMENT OF SOCIAL SERVICES ORGANIZATIONAL STRUCTURE AND STAFFING	274
FIGURE M2: COMMISSIONER'S OFFICE RECOMMENDED CHANGES	280
FIGURE N1: OFFICE OF THE MAYOR ORGANIZATIONAL STRUCTURE	296
FIGURE N2: OFFICE OF THE CHIEF INFORMATION OFFICER ORGANIZATION STRUCTURE AND STAFFING	299
FIGURE N3: LEXCALL PROCESS	303
FIGURE N3: COMPUTER SERVICES DIVISION FUNCTIONAL ORGANIZATION CHART	308

A. EXECUTIVE SUMMARY

In early 2007, the Mayor of the Lexington-Fayette Urban County Government issued a Request for Proposal (RFP) for consultants to conduct a comprehensive management audit of the government. Their goal was to identify and recommend ways that the City of Lexington could improve its operations, provide essential tools and research to help improve services to residents, operate more efficiently, and save money. In July 2007, Management Partners was commissioned for this work.

This review was conducted over a four-month period, from August through December 2007 and included a review of organizational structure, selected policies and processes, staffing levels, operational practices, and financial planning. The methodology of the review included dozens of interviews with elected and appointed officials, focus groups with employees, a comprehensive survey of City employees, benchmarking comparisons with other jurisdictions, and a review of documents that included the City Charter, City Budget, City Comprehensive Annual Financial Report (CAFR), various management studies that had been conducted previously, City ordinances, and other materials provided by staff as needed.

This report details myriad findings and observations, and 424 recommendations that, once implemented, will result in organizational efficiencies and cost savings across the government. These recommendations are specific and action-oriented, and will work to improve the efficiency and effectiveness of municipal operations in Lexington. A list of all recommendations is included as Attachment A.

The information presented in the report represents the observations and findings of the experts who worked as a team for this project. Since the merger of Lexington and Fayette County in 1974, the bureaucracy that serves the residents of Lexington has provided a structure for service delivery. While the community has undergone many changes and evolution, the bureaucracy itself has not been critically examined as a whole. Thus, opportunity abounds to modernize, streamline, change and improve the organization and its service delivery model. While the report, by its very nature, is a critique, it is not a criticism. This administration has been bold enough to ask the question “how can we do it better...faster...cheaper?” and this report provides those answers. The bureaucracy was designed in 1974 and is made up of well intended

individuals who operate in systems and structures that are outdated given the modern tools and technologies available today.

This report recommends a broad spectrum of improvements. Some will seem minor and insignificant, and others challenge to strengthen the organization by reinventing the infrastructure upon which it is built. Implementation will require courage and conviction – traits that do not seem lacking with the current organizational and political leadership.

It is time for Lexington to implement strategic planning, performance management and radically upgrade the technological infrastructure. Organizational structure changes will clarify responsibilities, eliminate redundancies, and streamline management. Under-utilized fleet vehicles can be eliminated in favor of other, more cost-effective transportation alternatives. Public safety staffing can be set with appropriate formulaic methods to ensure that safety is not compromised for the sake of “efficiency” or “politics.”

These improvements, and others in the report, are real and offer significant cost savings opportunities. It will take hard work to make the improvements, including fundamental changes in the ways in which the City does business. In some cases where it is cost-effective, Management Partners has recommended more detailed separate analysis.

Lexington has in place talented and energetic policy-makers and managers with the best interests of the community in mind. We are confident they will harness the energy and enthusiasm of the City’s employees in implementing the recommendations of this report.

B. BACKGROUND

Lexington-Fayette Urban County Government (LFUCG) is a full service government organization led by the Mayor and members of the Urban County Council. The Council is the legislative branch of the consolidated government that merged operations, functions and staff of the City and County in 1974. As such, the 15 member Council is tasked with establishing budgets, setting policy and levying taxes in accordance with local charter and statutes of the Commonwealth.

Mayor Jim Newberry took office in January 2007. In January 2007, the Mayor and the Urban County Council met and identified “Six Pillars of Progress,” an agenda that has become the foundation of what LFUCG accomplished in 2007 and for future improvements. The “Six Pillars of Progress” include a commitment to:

- Environment
- Economic Development
- Community Vision
- Communication
- Efficient and Effective Government
- Innovative Planning

Seven Commissioners appointed by the Mayor oversee the day-to-day functions of City departments and service delivery to residents and property owners of the consolidated government. Each Commissioner is responsible for department functions, as well as divisions and programs. The departments of the government include: Finance and Administration, General Services, Law, Public Works and Development, Environmental Quality, Public Safety, Social Services and the Office of the Mayor which includes several strategic staff functions.

The government employs a total of 3,024.2 full-time equivalent (FTE) employees and operates within an all funds budget of \$489,546,930. As Kentucky’s second largest city, Lexington-Fayette Urban County Government serves a 2000 U.S. Census population of 255,339.

C. PROJECT APPROACH

Management Partners took a comprehensive information and data-gathering approach to complete this study. Below is an outline of how the work was accomplished.

Individual Interviews

For the review, Management Partners conducted personal and group interviews with individuals at various levels throughout the organization, and reviewed City documents such as organization charts, contracts, work plans, policies and workload statistics. The purpose of the interviews was to gather general and specific information on the priorities, issues and work programs of all City departments and divisions, as well as staff suggestions for improvement.

This approach to information gathering utilizes the insights and knowledge of the people doing the work and overseeing the work to identify opportunities for improvement in effectiveness or efficiency of operations. Interviews were conducted with elected officials and department managers as part of this project.

Employee Survey

In September, Management Partners created and implemented an online survey of all City employees. Surveys included traditional multiple choice and rating scale questions, as well as open-ended text areas for respondents to enter their comments. Survey responses were reflective of a cross-section of the City organization in terms of length of service, types of positions, departments, gender, and ethnicity.

A summary of key findings is contained in Section E of this report.

Employee Focus Groups

To ensure that the perspectives of as many employees as possible was included in this review, Management Partners conducted six focus groups with randomly selected employees.

In each focus group, we asked a specified set of questions and participants were encouraged to be candid with their observations and concerns. The questions centered on the strengths and weaknesses of the Lexington government as a service provider, with particular attention to customer service, technology, internal service functions (which support those departments/divisions serving the public) and organizational structure.

The focus groups were successful in validating things learned through the interview process, and in raising new issues in a confidential and comfortable setting. A report of focus group results is included later in this report and includes verbatim comments recorded during the focus group discussions.

Benchmarking

Informed analysis of how other governments of similar size and service profile operate can lead to operational improvements. Municipalities are constantly trying new approaches which evolve best practices that can be replicated in other settings. The identification of peer best practices for this study has resulted in some important findings about organizational structure.

With input from City officials, Management Partners selected 13 peer jurisdictions:

- Augusta-Richmond County, Georgia
- Cincinnati, Ohio
- Colorado Springs, Colorado
- Columbus-Muscogee County, Georgia
- Corpus Christi, Texas
- Knoxville-Knox County, Tennessee
- Lincoln, Nebraska
- Louisville-Jefferson County, Kentucky
- Madison, Wisconsin
- Nashville-Davidson County, Tennessee
- Santa Ana, California
- Toledo, Ohio
- Unified Government of Kansas City and Wyandotte County, Kansas

Throughout this report, most peer comparisons have been made utilizing these jurisdictions. However, because information on certain topics was available in some cities and not in others, the peer groupings may differ slightly from comparison to comparison. In some cases, an expanded set of peers was selected to provide additional information.

Document Review and Data Analysis

The City provided numerous documents for Management Partners to review and analyze. Those included the City's budget document, Comprehensive Annual Financial Report (CAFR), organizational charts, prior reviews/audits, work assignments and program information, and much more. In some cases, however, it should be noted that more data would have been instructive, but the City does not have a rigorous approach to data-based management and as such, some data was simply not available.

D. BENCHMARK COMPARISONS

This report presents data on cities similar to Lexington, based on publicly available information obtained from selected peer cities, as well as additional research. To ensure that the benchmarking work is of maximum utility, early in the project we defined the appropriate criteria for a peer agency, as well as national best practices. The purpose of benchmarking is to see how Lexington compares to these jurisdictions in demographics and in selected areas of service.

Selection of Comparable Cities

One of the underlying goals of the benchmarking study was to understand how Lexington would compare to other cities of similar size. Management Partners and Lexington staff identified the following 13 jurisdictions throughout the nation for the service level comparison:

- Augusta-Richmond County, Georgia
- Cincinnati, Ohio
- Colorado Springs, Colorado
- Columbus-Muscogee County, Georgia
- Corpus Christi, Texas
- Knoxville-Knox County, Tennessee
- Lincoln, Nebraska
- Louisville-Jefferson County, Kentucky
- Madison, Wisconsin
- Nashville-Davidson County, Tennessee
- Santa Ana, California
- Toledo, Ohio
- Unified Government of Kansas City and Wyandotte County, Kansas

Basic demographic characteristics of the jurisdictions are provided below in Table D1.

TABLE D1: BENCHMARK JURISDICTIONS

Jurisdiction	Population	Consolidated City/County	2008* General Fund Budget	2008* Total Budget	FTEs	Major Universities
Augusta-Richmond County, Georgia	189,336	Yes	\$113,348,443	\$741,002,042	2,845	Augusta State University
Cincinnati, Ohio	332,252	No	\$364,400,000	\$860,000,000	6,242	University of Cincinnati Xavier University
Colorado Springs, Colorado	372,437	No	\$242,259,823	\$348,295,429	1,905	The Air Force Academy
Columbus - Muscogee County, Georgia	188,660	Yes	\$193,631,237	\$217,293,033	2,744	Columbus State University; Columbus Technical Institute
Corpus Christi, Texas	285,267	No	\$184,445,540	\$588,090,502	3,093	Del Mar College; Texas A & M University - Corpus Christi
Knoxville, Tennessee	173,890	No	\$163,005,920	\$341,384,940	1,605	University of Tennessee
Lexington-Fayette County, Kentucky	255,339	Yes	\$282,700,500	\$489,546,930	3,422	University of Kentucky; Transylvania University
Lincoln, Nebraska	171,932	No	\$112,132,367	\$294,662,295	1,550	University of Nebraska
Louisville-Jefferson County, Kentucky	700,000	Yes	\$500,476,000	\$715,387,800	8,293	University of Louisville
Madison, Wisconsin	223,389	No	\$200,794,859	\$210,761,770	N/A	University of Wisconsin
Nashville-Davidson County, Tennessee**	552,120	Yes	\$706,019,800	\$1,545,688,000	6,919	Vanderbilt University
Santa Ana, California	340,024	No	\$226,777,920	\$509,908,839	1,753	Santa Ana College
Toledo, Ohio	298,446	No	\$247,578,871	\$524,148,139	3,030	University of Toledo
Unified Government of Kansas City, Kansas, and Wyandotte County	304,748	Yes	\$199,548,347	\$272,437,033	2,401	KCK Community College; Rockhurst University

* Fiscal Year 2008 budget figures are provided where available. Where 2008 figures are not available, the most recent data available is cited.

** Total Nashville-Davidson County budget includes over 600 million devoted to school operations and debt service.

Limitations and Use of Benchmarking Data

Benchmarking data was gathered from the selected jurisdictions' Internet websites where budget data and financial reports were available. Whenever data is used from individual jurisdiction budgets, some format and presentation differences may hamper an equal comparison. Unlike the uniform collection of demographic information, there are no national standards for budgetary reporting. Consequently, we used care in drawing firm conclusions from the data. The data is useful for illuminating major trends and averages, but further research would be necessary to make any definite findings between a peer jurisdiction and the Lexington-Fayette Urban County Government.

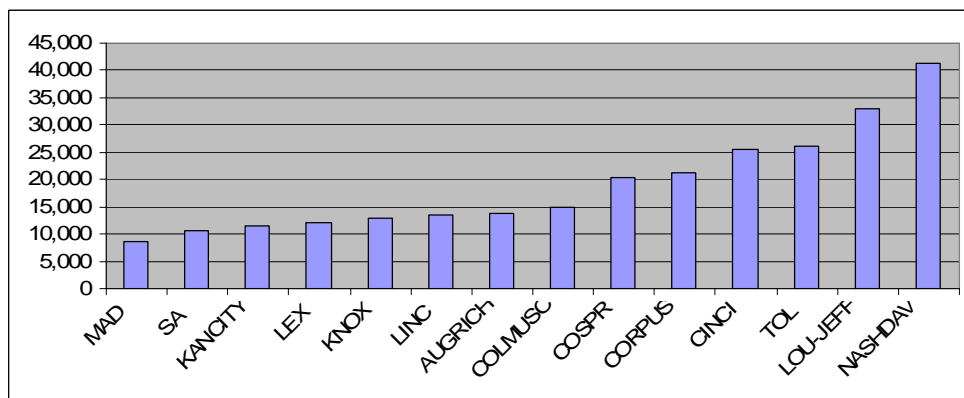
Demographic and General Fund Financial Data

It is important to begin any peer benchmarking review with an examination of the basic makeup of each community. With local governments, there is no such thing as a perfect “apples to apples” comparison; each jurisdiction’s demographics and top issues will affect service decisions. It is, therefore, important to examine the foundation upon which government is provided and to understand the community’s particular issues. Data in the following section is from 2007 unless otherwise noted. For formatting purposes each jurisdiction has been abbreviated in comparison tables as follows.

<u>PEER JURISDICTION</u>	<u>ABBREVIATION</u>
Augusta-Richmond County, Georgia	AUGRICH
Cincinnati, Ohio	CINCI
Colorado Springs, Colorado	COSPR
Columbus - Muscogee County, Georgia	COLMUSC
Corpus Christi, Texas	CORPUS
Knoxville, Tennessee	KNOX
<i>Lexington-Fayette County, Kentucky</i>	<i>LEX</i>
Lincoln, Nebraska	LINC
Louisville-Jefferson County, Kentucky	LOU-JEFF
Madison, Wisconsin	MAD
Nashville-Davidson County, Tennessee	NASHDAV
Santa Ana, California	SA
Toledo, Ohio	TOL
Unified Government of Kansas City, Kansas, and Wyandotte County	KANCITY

Crime is a concern in most communities. A good measure of crime is the number of Type 1 crimes (violent crimes such as rape and murder) per capita in a given community. Illustrated in Figure D1 below, Lexington has one of the lowest incidents of Type 1 crimes out of all the peer jurisdictions. Only Kansas City, Santa Ana, and Madison have fewer Type 1 crimes per capita.

FIGURE D1: TYPE I CRIMES PER CAPITA



It should be noted that crime is strongly correlated with income levels. In fact, this may be the single most important variable when it comes to explaining crime differentials. This seems to be the case in Lexington. Lexington's per capita income, illustrated in Figure D2 below, is one of the highest of all the peer jurisdictions. Lexington also benefits from having a robust median household income, compared to its peers. Median household income is found in Figure D3 below. The implication is not only that Lexington enjoys a safe community relative to its peers, but that it should continue to build its economic development; this will increase income, which will contribute substantially to abating the level of crime in the community.

FIGURE D2: INCOME PER CAPITA

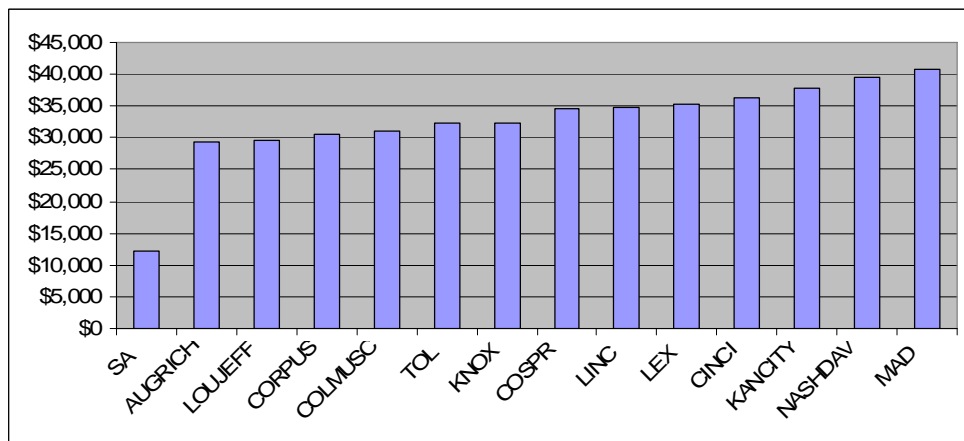
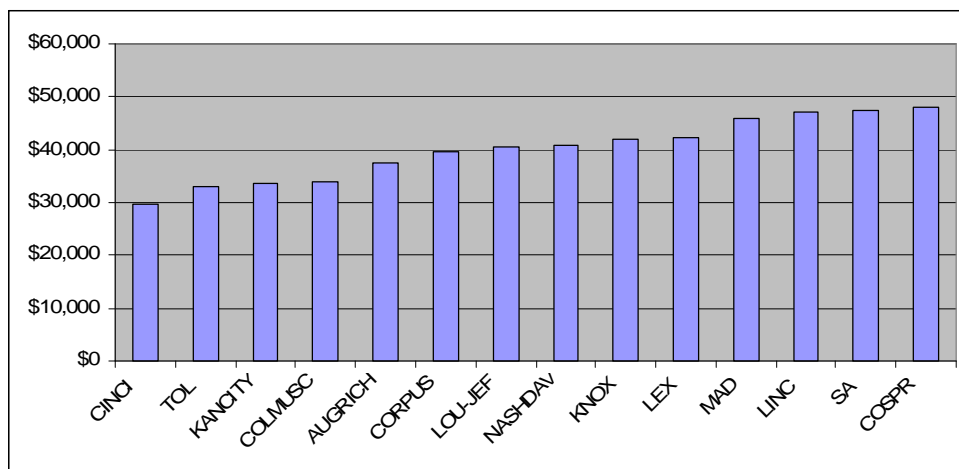


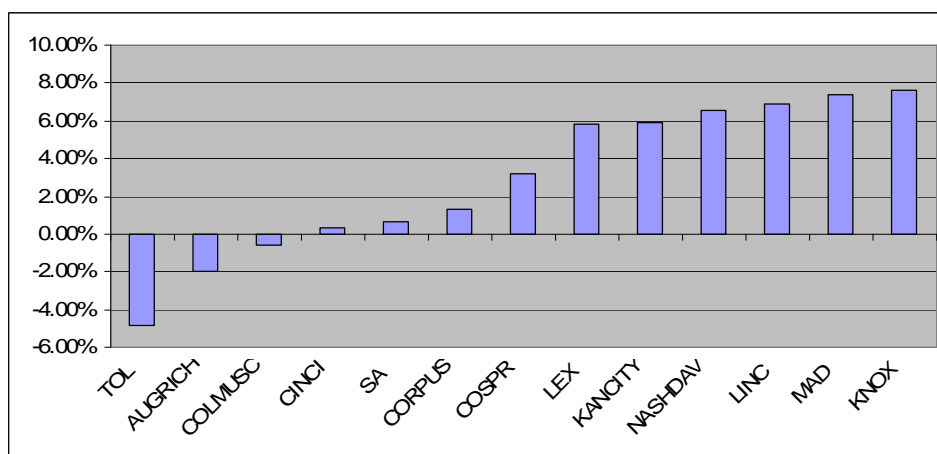
FIGURE D3: MEDIAN HOUSEHOLD INCOME



Community Growth

As illustrated in Figure D4, three of Lexington's peer communities experienced population loss and two others experienced only nominal growth. Lexington was able to grow at roughly the same pace as Kansas City-Wyandotte County, Kansas and Nashville-Davidson County, Tennessee. Some of the population decreases can be attributed to the continued shrinking of cities that benefited from traditional manufacturing jobs. Knoxville-Knox County, Tennessee, Lincoln-Lancaster County, Nebraska, and Madison, Wisconsin all outpaced Lexington. The merger between Louisville and Jefferson County, Kentucky in 2000 made finding credible data difficult, and thus was omitted in this section.

FIGURE D4: AVERAGE POPULATION GROWTH



Financial Comparisons

Figure D5 shows each jurisdiction's General Fund per Capita, which illustrates the relative size of local government (in terms of finances). Lexington is in the top four among its peer communities for General Fund budget per capita. This is generally seen as an indicator of healthy financial resources.

FIGURE D5: GENERAL FUND BUDGET PER CAPITA

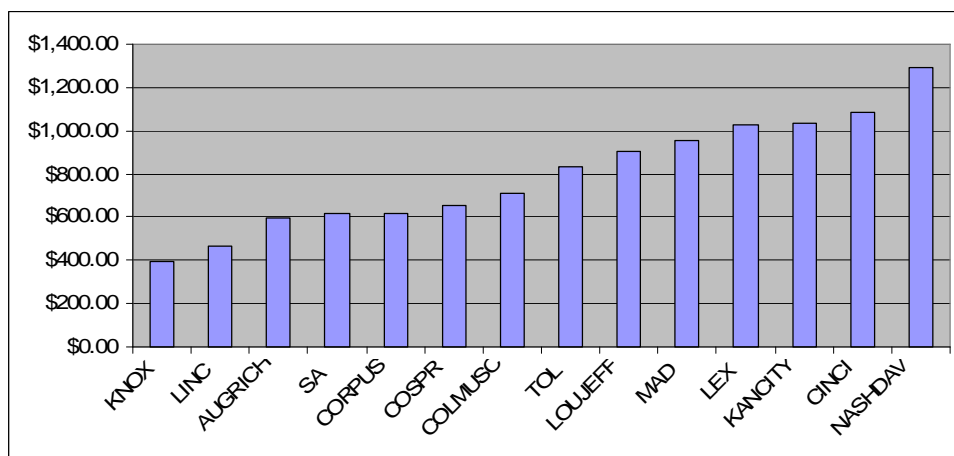
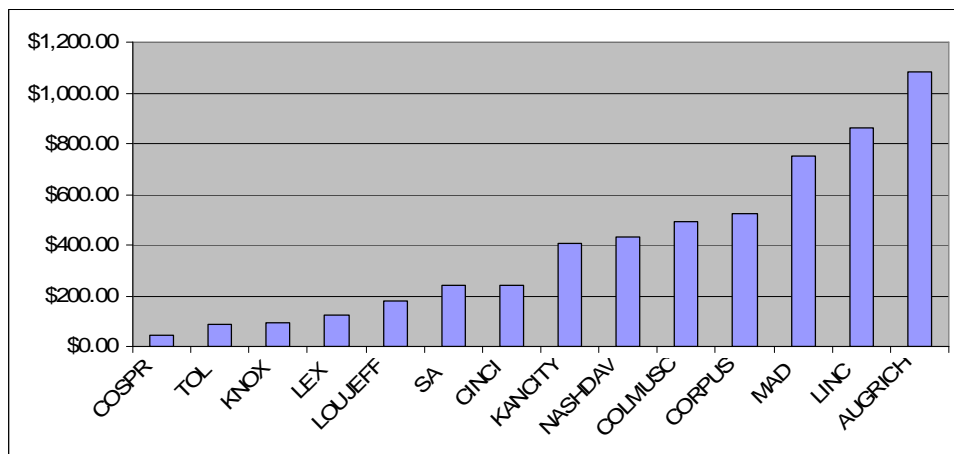


Figure D6 below shows each jurisdiction's total Capital Improvement Program (CIP) per capita in FY 2007. The CIP is traditionally considered the long-term investment portion of the budget and focuses on infrastructure and other costly endeavors. The CIP in Lexington is one of the lowest of all peer communities.

FIGURE D6: CAPITAL IMPROVEMENT PROGRAM (CIP) PER CAPITA



Parks and Recreation

The benefits of parks and recreation to a community's quality of life have been well documented. Two quick measures, while imperfect, illustrate that Lexington is among the leaders of its peer communities. Figures D7 and D8 below show that Lexington ranks fourth and third, respectively, to its peers in park acres and ball fields (baseball, softball, football, and soccer) per 1,000 residents. Data could not be acquired for the jurisdictions of Santa Ana, California and Augusta-Richmond County, Georgia. Because of this, they were omitted from the following figure.

This is especially important to note because Lexington Parks and Recreation became an accredited agency by the National Association of Recreation and Parks in the fall of 2007. The Commission for Accreditation of Parks and Recreation Agencies (CAPRA) administers a rigorous program based on self-assessment and peer review using national standards of best practice to better promote the quality of agency services and delivery systems.

FIGURE D7: PARK ACREAGE PER 1000 POPULATION

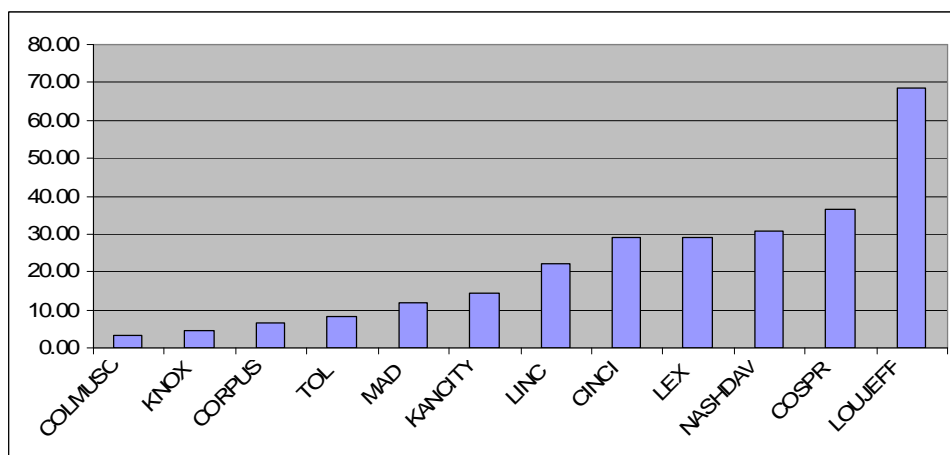
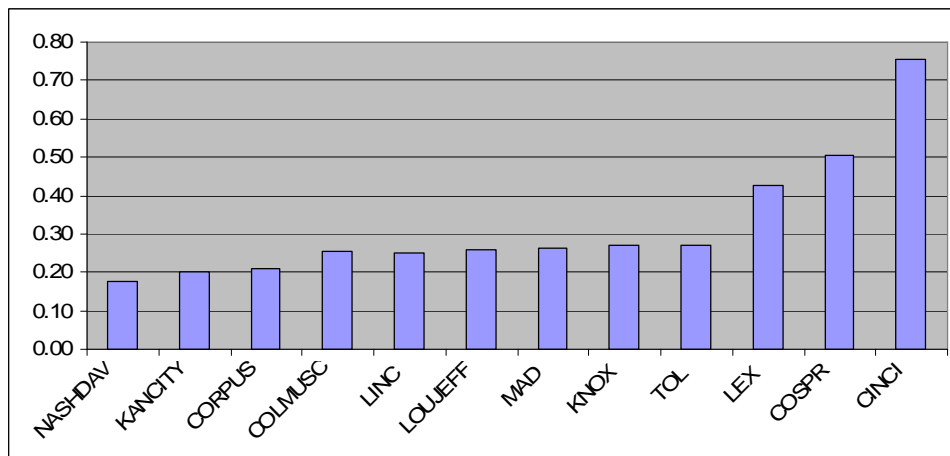


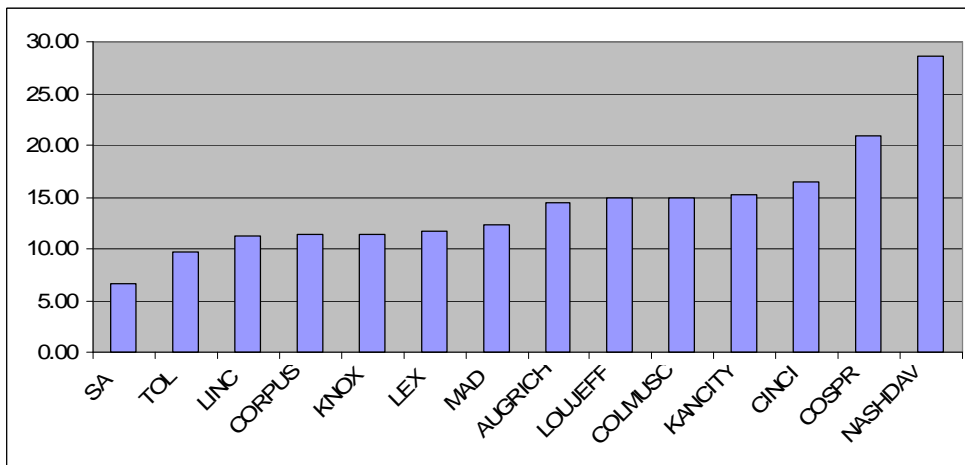
FIGURE D8: BALL FIELDS PER 1000 POPULATION



The Government

In addition to general demographic information, a review of the government is useful as well. As shown in Figure D9 below, Lexington is toward the middle of its peers for the number of employees per 1,000 in population.

FIGURE D9: EMPLOYEES PER 1000 POPULATION



Law Department Staffing

Lexington's Law Department and staffing, as displayed in Figures D10 and D11, show that Lexington's budget is about average for all peer communities, while the staffing is in the bottom third. Further examination shows that staffing and budget correspond quite closely.

FIGURE D10: LAW DEPARTMENT BUDGET COMPARISON

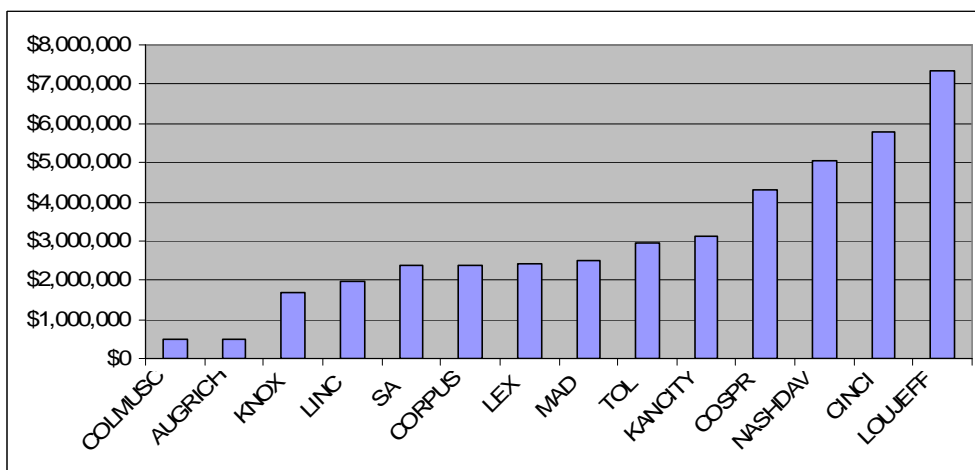
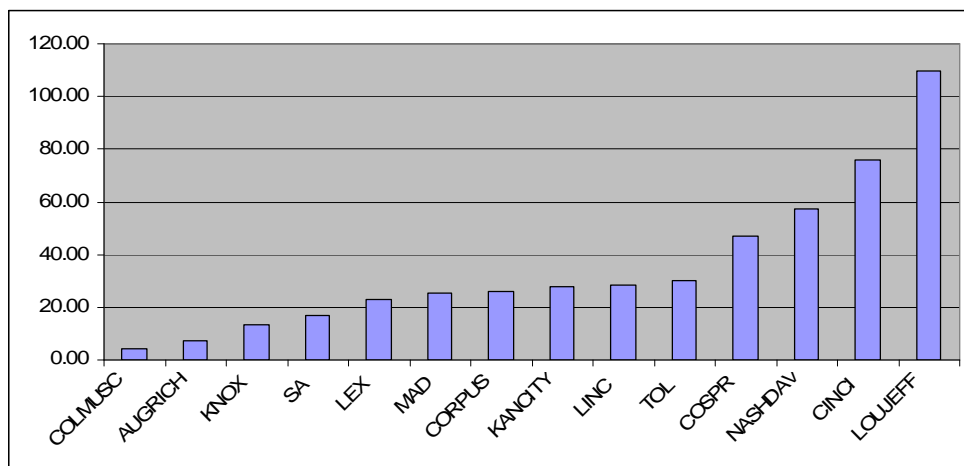


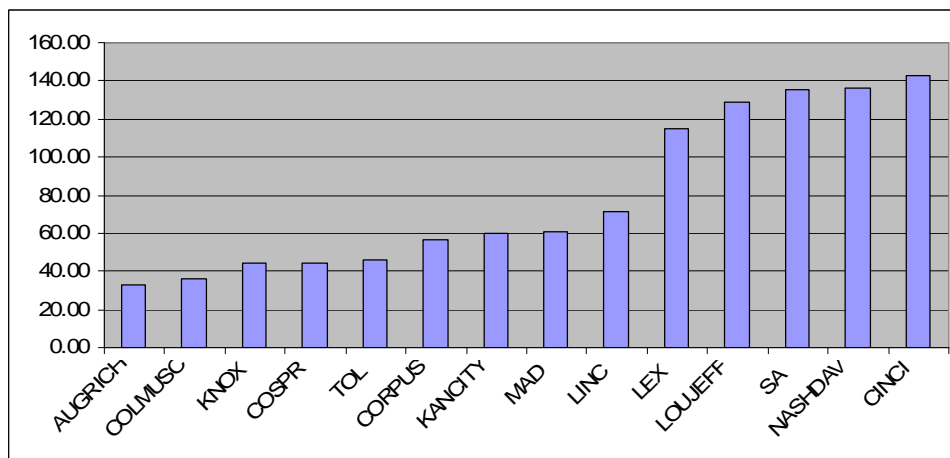
FIGURE D11: LAW DEPARTMENT STAFFING



Finance Department Staffing

The number of FTEs in each benchmark community's finance department varies greatly, as indicated in Figure D12 below. The five jurisdictions with the most FTEs, which includes Lexington, have a far greater number of FTEs than the other nine.

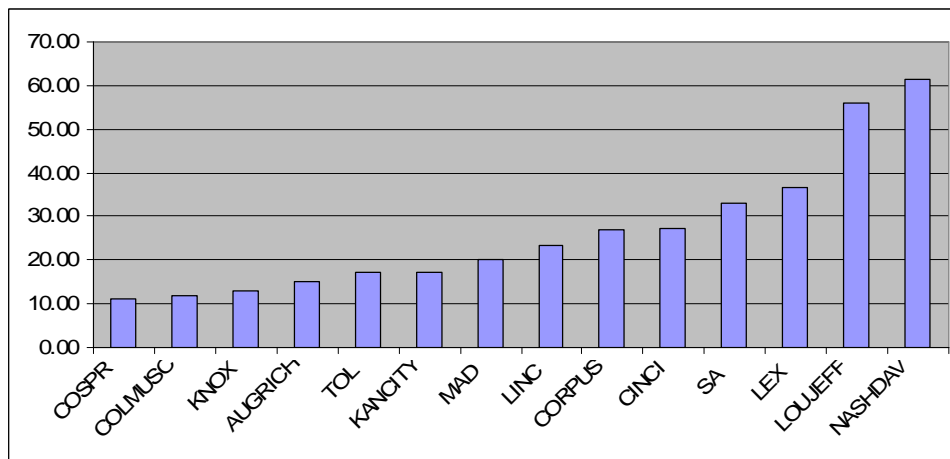
FIGURE D12: FINANCE DEPARTMENT STAFFING COMPARISON



Human Resources Department Staffing

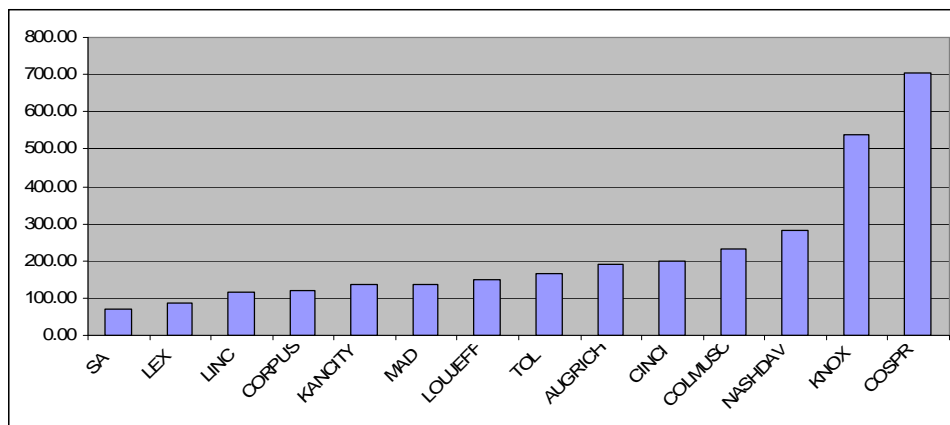
Figure D13 below compares the number of FTEs in each community's human resources (HR) department. Lexington has the third highest number of HR FTEs among the benchmark communities, with only Nashville and Louisville having more.

FIGURE D13: HUMAN RESOURCES STAFFING



In order to make a more meaningful comparison of HR FTEs, Figure D14 illustrates the number of City employees per HR employee. Clearly, Colorado Springs' HR department handles over 700 city employees, many more than the other benchmark communities. Lexington, on the other hand, has far fewer employees per HR employee, with only Santa Ana having less. The HR best practice formula used throughout the industry to benchmark staffing suggests that HR departments should be staffed with one HR professional for every 100 employees. While the particular staffing needs of each HR department may vary, the 1:100 ratio serves as a useful tool to compare demand with resources. Lexington is slightly under this standard staffing level.

FIGURE D14: CITY EMPLOYEES PER HUMAN RESOURCES EMPLOYEE

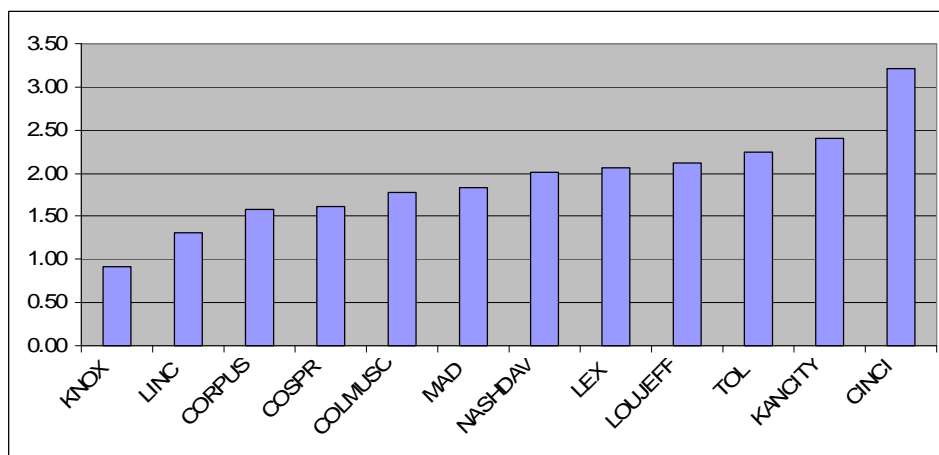


Public Safety Staffing

Public Safety staffing includes employees from police, fire and code enforcement divisions in the various jurisdictions.

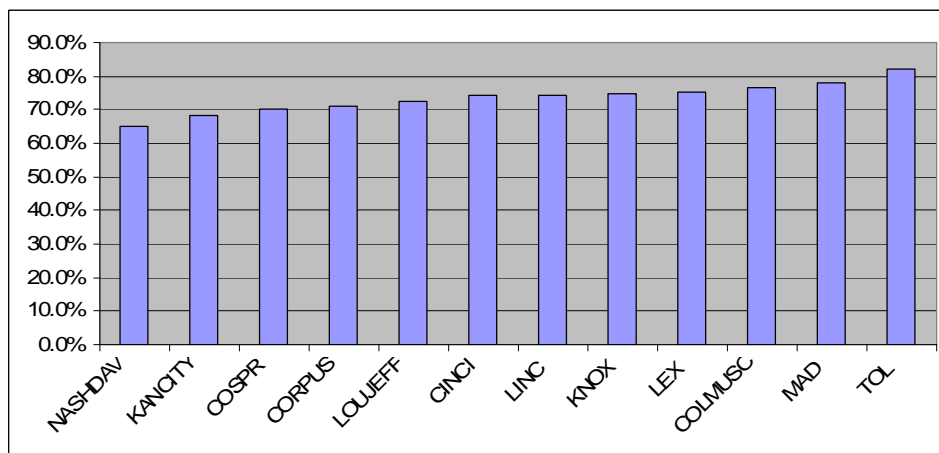
Figure D15 shows a comparison of the number of sworn police officers in each community per 1,000 residents (note: Augusta and Santa Ana did not provide information for this topic). Lexington is close to the average of the group, with Cincinnati having the largest number of sworn police officers per 1,000 residents, and Knoxville having the fewest. Data could not be acquired for the jurisdictions of Santa Ana, California and Augusta-Richmond County, Georgia. Because of this, they were omitted from the following figure

FIGURE D15: SWORN POLICE OFFICERS PER 1000 POPULATION



Looking within each community's police department, Figure D16 shows what percentage of the entire police department is made up of sworn police officers. All of the communities have very similar percentages, ranging from nearly 65% to a little over 80%. In other words, civilians make up about 20-35% of each of the police departments, with Toledo utilizing the most civilians per sworn police officer and Nashville utilizing the least. Lexington falls right in the middle at about 75% sworn and 25% civilian. Data could not be acquired for the jurisdictions of Santa Ana, California and Augusta-Richmond County, Georgia. Because of this, they were omitted from the following figure.

FIGURE D16: SWORN POLICE OFFICERS AS PERCENTAGE OF TOTAL POLICE DEPARTMENT STAFFING



In order to compare levels of staffing for fire services across the various benchmark communities, Figure D17 shows the number of FTEs in each community's fire department per 1,000 residents. With this approach, Lexington has the third highest amount of fire fighters per capita.

FIGURE D17: FIRE STAFFING PER 1000 POPULATION

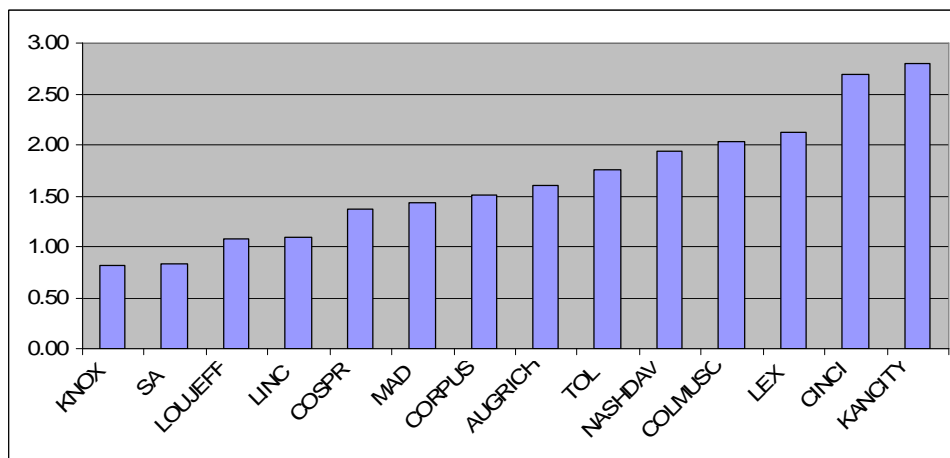
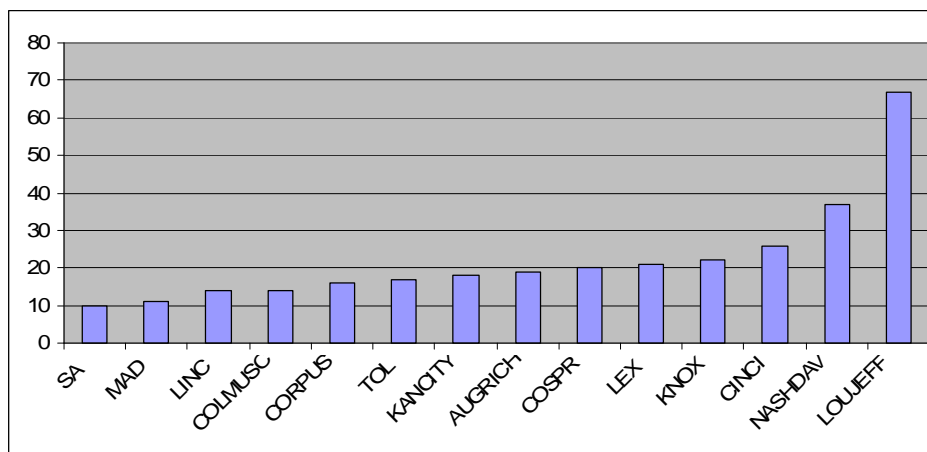


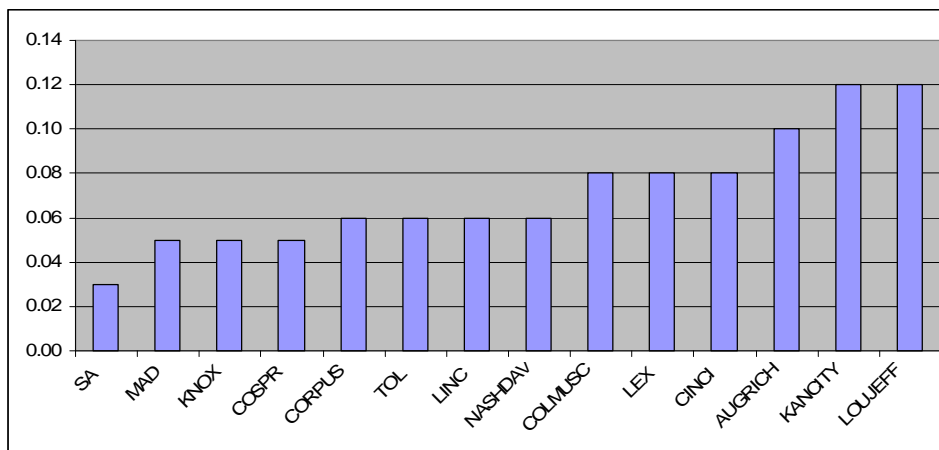
Figure D18 below shows the number of fire stations in each of the benchmark communities. Clearly, Louisville Metro has many more fire stations than the other jurisdictions, and Lexington is in the same general range as most of its peers.

FIGURE D18: NUMBER OF FIRE STATIONS



In order to make more meaningful comparisons between the benchmark communities regarding the number of fire stations, Figure D19 shows the number of fire stations per 1,000 residents. Lexington is once again above the median of the group, with almost 0.08 fire stations per 1,000 residents.

FIGURE D19: NUMBER OF FIRE STATIONS PER 1000 POPULATION



With a higher number of fire department FTEs than almost all of the other benchmark communities, it is not surprising to find that Lexington also has a much higher number of fire apparatus per 1,000 residents, as indicated by Figure D20 below. Only Louisville Metro has a higher number of apparatus per capita than Lexington. Data could not be acquired for the jurisdictions of Knoxville, Tennessee and Augusta-Richmond County, Georgia. Because of this, they were omitted from the following figure.

FIGURE D20: FIRE APPARATUS PER 1000 POPULATION

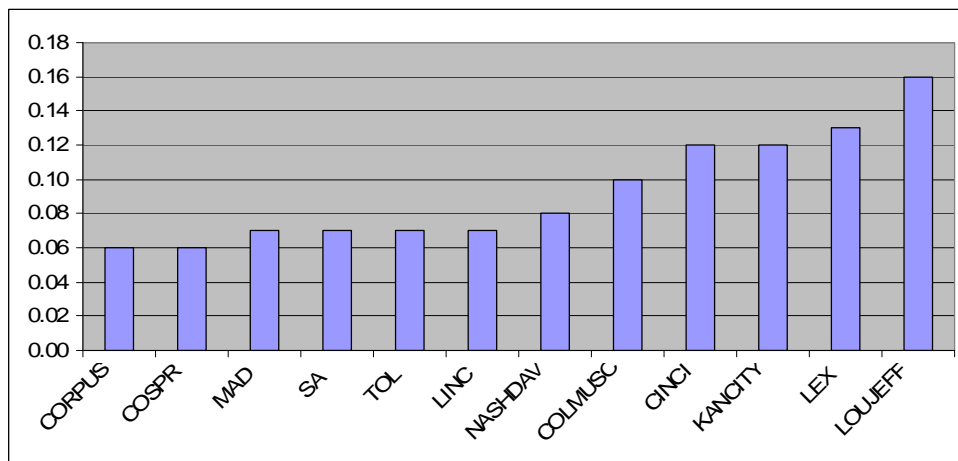


Figure D21 below shows the number of FTEs dedicated to code enforcement in each of the benchmark communities. Lexington has far fewer employees responsible for code enforcement than Louisville, Nashville, and Cincinnati. The other benchmark communities are more consistent with Lexington, having fewer than 50 code enforcement FTEs.

FIGURE D21: CODE ENFORCEMENT STAFFING

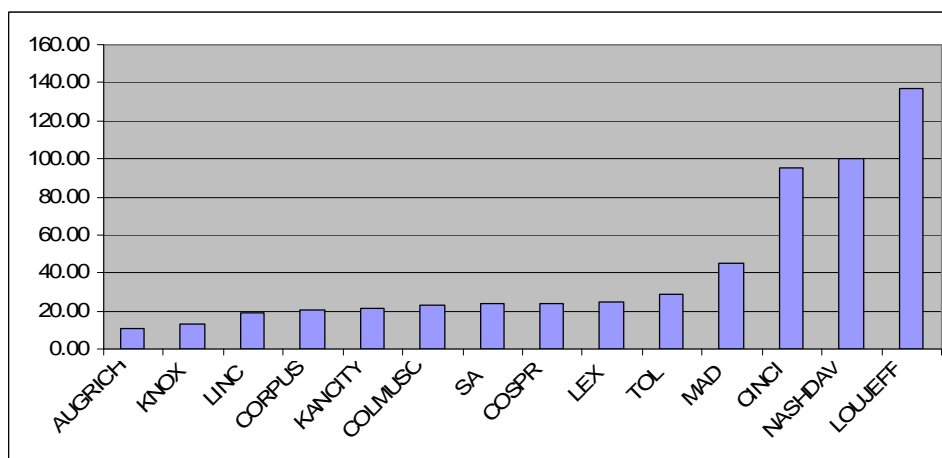
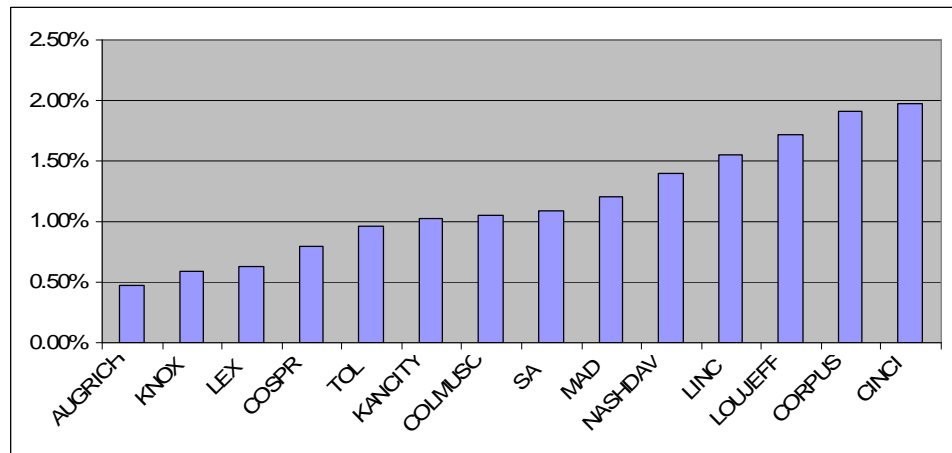


Figure D22 details the code enforcement budget as a percentage of the total General Fund budget in each of the benchmark communities. Despite having a similar number of FTEs dedicated to code enforcement, the budget for code enforcement in Lexington is lower than most of the other benchmark communities. The only cities with a smaller code enforcement budget than Lexington are Augusta and Knoxville, which can be explained by fewer FTEs, as seen in the previous figure. It is not surprising that the cities with more code enforcement FTEs are towards the higher end of the spectrum when it comes to code enforcement budget as a percentage of the total General Fund budget.

FIGURE D22: CODE ENFORCEMENT AS A PERCENTAGE OF THE GENERAL FUND



E. EMPLOYEE INPUT

Employee Survey

Management Partners created and implemented an employee survey that was made available on-line for employees to complete at their convenience. Employees without access to the internet were able to complete and return hard copies of the survey. The purpose of the survey was to ask specific questions regarding employee morale, workplace dynamics, the hiring process, and the general experience of working for the Lexington-Fayette Urban County Government.

The responses to the survey questions are aggregated by division to show differences in opinion between them, as well as show a City-wide average. Some respondents preferred not to identify for which department they worked; these responses are labeled accordingly in the results. Surveys included traditional multiple choice and rating scale questions, as well as open-ended text areas for respondents to enter their comments. Survey responses were reflective of a cross-section of the City organization in terms of length of service, types of positions, departments, gender, and ethnicity.

Full results of the survey can be found as Attachment E-1. A summary of key findings follows here.

Of the 1,036 total respondents, only 98 declined to identify the government department or division in which they worked.

Table E1 below shows the breakdown of respondents and their percentage of the total responses received.

TABLE E1: NUMBER OF RESPONSES BY DEPARTMENT OR DIVISION

	Number of Respondents	Percentage of Total
Council Office	15	1.45%
Social Services	16	1.54%
Mayor's Office	18	1.74%
Law	25	2.41%

	Number of Respondents	Percentage of Total
Government Communications	27	2.61%
Environmental Quality	47	4.54%
Finance and Administration	53	5.12%
Prefer Not To Say	98	9.46%
General Services	134	12.93%
Public Works and Development	172	16.60%
Public Safety	431	41.60%
Total	1,036	100.00%

There were 31 statements that employees were asked to consider. For each statement, a response of “strongly disagree”, “slightly disagree”, “slightly agree”, and “strongly agree” was an option. After the surveys were completed, Management Partners assigned a corresponding numerical value to each of these responses, with a rating of “1” equaling “strongly disagree” to “4” equaling “strongly agree”. This way, Management Partners was able to find the average response for a given question.

For example, in Table E2 below, employees were given the statement of “I am proud of the work I do for the City.” The City-wide response was “3.61” – in other words, most employees slightly agree with that statement.

TABLE E2: PRIDE IN WORK FOR THE CITY

20. I am proud of the work I do for the City.	
Law	3.48
Prefer Not To Say	3.54
Government Communications	3.56
Public Safety	3.58
Citywide	3.61
Environmental Quality	3.64
Finance and Administration	3.64
General Services	3.66
Public Works and Development	3.67
Social Services	3.73
Council Office	3.75
Mayor's Office	3.78

Based on the responses found in Tables E3 and E4, Lexington's strengths include a workforce that feels empowered to bring ideas for improvement to their supervisors and to use their own judgment and initiative to carry out their responsibilities.

TABLE E3: ENCOURAGEMENT OF NEW IDEAS

7. I am encouraged to bring new ideas to my supervisor.	
Law	2.50
Government Communications	3.00
Public Works and Development	3.02
Public Safety	3.08
City-wide	3.10
General Services	3.10
Prefer Not To Say	3.12
Environmental Quality	3.13
Mayor's Office	3.28
Social Services	3.47
Council Office	3.50
Finance and Administration	3.56

TABLE E4: ENCOURAGEMENT OF INITIATIVE AND JUDGMENT

8. I am encouraged to use my own judgment and initiative when carrying out my job.	
Law	2.80
General Services	3.19
Prefer Not To Say	3.23
Public Works and Development	3.25
Public Safety	3.26
City-wide	3.27
Environmental Quality	3.36
Council Office	3.42
Mayor's Office	3.44
Finance and Administration	3.48
Government Communications	3.50
Social Services	3.60

Responses in Table E5 also indicate that the workforce has a clear understanding of their responsibilities and expectations.

TABLE E5: CLEAR UNDERSTANDING OF RESPONSIBILITIES AND EXPECTATIONS

5. I have a clear understanding of my job responsibilities and expectations.	
Law	3.12
General Services	3.40
Government Communications	3.44
Environmental Quality	3.47
Prefer Not To Say	3.49
City-wide	3.51
Public Safety	3.52
Public Works and Development	3.55
Mayor's Office	3.56
Council Office	3.58
Social Services	3.60
Finance and Administration	3.70

The bulk of the responses were either in slight agreement or neutral. As indicated in Table E6, the overall sentiment seems to be that Lexington is a good place to work.

TABLE E6: LEXINGTON AS A GOOD PLACE TO WORK

21. Overall, I think LEXINGTON is a good place to work.	
Law	2.96
Environmental Quality	3.24
Public Safety	3.25
City-wide	3.33
Council Office	3.33
General Services	3.34
Prefer Not To Say	3.34
Government Communications	3.44
Finance and Administration	3.45
Public Works and Development	3.47
Social Services	3.47
Mayor's Office	3.61

There were, however, areas that did not receive such high marks. While data reported in Table E7 suggests that communication within individual departments or divisions is good, employees indicated in Table E8 that communication within the City as an organization is not at a level they consider adequate.

TABLE E7: COMMUNICATION AT THE DEPARTMENT LEVEL

3. I have a clear understanding of the mission and goals of my department.	
Law	2.64
Environmental Quality	3.15
General Services	3.19
Government Communications	3.22
City-wide	3.26
Public Works and Development	3.26
Public Safety	3.27
Prefer Not To Say	3.30
Council Office	3.33
Finance and Administration	3.44
Social Services	3.47
Mayor's Office	3.61

TABLE E8: COMMUNICATION CITYWIDE

2. There is good communication within the overall City organization.	
Environmental Quality	2.17
Government Communications	2.33
Public Safety	2.36
Law	2.36
City-wide	2.40
Prefer Not To Say	2.41
Public Works and Development	2.43
General Services	2.45
Council Office	2.50
Mayor's Office	2.56
Finance and Administration	2.58
Social Services	2.73

Findings of inadequate City-wide communication seem to be supported by the indication in Table E9 that there is little perceived cooperation between departments and divisions.

TABLE E9: PERCEIVED COOPERATION BETWEEN CITY DEPARTMENTS

12. There is good teamwork between the City's departments.	
Public Safety	2.04
Environmental Quality	2.30
Council Office	2.33
Public Works and Development	2.39
General Services	2.41
City-wide	2.42
Law	2.44
Prefer Not To Say	2.47
Government Communications	2.48
Finance and Administration	2.53
Mayor's Office	2.61
Social Services	2.79

Another subject that did not receive high marks was staffing and resources. Respondents indicated in Table E10 that they have neither the personnel nor the resources to do their job adequately. Data in Table E11 also strongly suggests that there is very little faith that the Civil Service selection process is working effectively.

TABLE E10: RESOURCES AND PERSONNEL NECESSARY FOR THE JOB

18. My division has the personnel and resources we need to do our jobs efficiently.	
Public Safety	2.19
Law	2.24
Prefer Not To Say	2.27
General Services	2.30
City-wide	2.34
Public Works and Development	2.42
Environmental Quality	2.48
Social Services	2.73
Government Communications	2.78
Finance and Administration	2.81
Mayor's Office	2.88
Council Office	3.25

TABLE E11: FAITH IN THE CIVIL-SERVICE SELECTION PROCESS

19. The Civil Service selection process ensures the best qualified candidates are selected for vacant positions.	
Environmental Quality	2.00
Government Communications	2.04
Public Works and Development	2.13
Council Office	2.17
Finance and Administration	2.17
City-wide	2.20
Public Safety	2.20
General Services	2.25
Prefer Not To Say	2.25
Mayor's Office	2.35
Law	2.52
Social Services	2.67

Finally, Tables E12 and E13 show that respondents do not feel recognized for their contributions, nor do they feel appreciated by division management.

TABLE E12: EMPLOYEE RECOGNITION

27. Employees are recognized for their contributions.	
Law	2.04
General Services	2.26
Environmental Quality	2.30
City-wide	2.37
Prefer Not To Say	2.37
Public Safety	2.38
Public Works and Development	2.40
Government Communications	2.44
Social Services	2.47
Finance and Administration	2.49
Council Office	2.67
Mayor's Office	2.67

TABLE E13: EMPLOYEE APPRECIATION

9. I feel appreciated by my division's management.	
Law	2.28
General Services	2.58
Public Safety	2.66
Environmental Quality	2.70
Government Communications	2.70
City-wide	2.72
Prefer Not To Say	2.73
Public Works and Development	2.77
Social Services	3.00
Finance and Administration	3.11
Mayor's Office	3.17
Council Office	3.42

Employee Focus Groups

To ensure that the perspectives of as many employees as possible were included in this review, Management Partners conducted numerous focus groups with employees from each department. All City departments and all levels of the organization were represented (except commissioners, who were each interviewed separately).

In each focus group, Management Partners asked a specified set of questions and participants were encouraged to be candid with their observations and concerns. The questions centered on the strengths and weaknesses of the Lexington-Fayette Urban County Government as a service provider, with particular attention to customer service, technology, internal service functions (which support those departments/divisions serving the public) and organizational structure.

The focus groups were successful in validating findings from the interview process, and in raising new issues in a confidential and comfortable setting.

General Themes

The following themes provide a summary of what was learned through the focus groups.

Employees take pride in their work and community

- Lexington employees are very responsive; they are prompt and willing to help.

- Most Lexington employees take a lot of pride in doing their job well and try hard.
- The departments/divisions and staff are exceptional.

Communication could be improved

- There is a “silo” mentality within the government that inhibits effective communication.
- There needs to be a greater understanding of the work other divisions perform so employees realize how their work fits into the big picture and be aware of the different services the City provides.
- A lack of direct top-down communication on topics ranging from policies to events creates a lot of unnecessary confusion.
- Many times employees first hear about issues in the government through the grapevine or from the news media rather than their commissioners or supervisors.
- Communication within departments is lacking; there needs to be “all hands” staff meetings on a regular basis.
- Not many employees have met their respective commissioner.

Employees have concerns about compensation

- Employees with certifications and experience should be compensated accordingly. For example, the pay is inequitable between housing inspectors who are required to be certified and nuisance officers who are not.
- Perceive that pay is well below what the market pays in most other cities.
- There is no incentive to go above and beyond the minimum requirements of the job.
- Compensation for being “on-call” is inadequate.
- Should be same pay grade for same work.
- The only way to get a raise is through a reclassification or cost of living allowance.
- The City should implement a STEP system for compensation.

Human Resources is not universally trusted by employees

- HR is supportive of managers, but employees feel there is no recourse if they have a “bad” manager. One employee reported being told by other managers and HR that complaining will ruin their careers.
- Human Resources is disappointing due to misclassifications, pay inequities, no recourse for managers to fix problems on their own and a lack of willingness on HR’s part to fix problems.
- There should be some sort of pay-for-performance.
- The grievance process is a black hole.
- HR ranks candidates without understanding employees’ jobs/needs.
- It is very difficult to fire problem employees.

- There are many unhappy Parks and Recreation employees because HR provides little support, there is a lack of confidentiality (HR contacts an employee's supervisor with confidential information), and no advocacy for employees.

The requisitioning process is unnecessarily frustrating

- The STARS program is still getting sorted out; it was oversold to employees who were initially resistant to it and staff were not involved during the selection and design phases.
- STARS is not specific to what is done in the City, especially Social Services. It does not give out correct information in notifications, and access and what can be done are very limited.
- There are many, many, levels of approval for routine work.
- The purchase order (PO) process takes too long to get parts and equipment (e.g., P-Cards).
- Too many approvals are required for small purchases; for example, three signatures are required for purchases under \$500 before it goes to purchasing.
- Just because it is cheaper does not mean it's better; accepting lower bids only leads to hiring companies who are poor performers.
- Contractors do not clean the facilities properly and they are expensive.
- It takes a minimum of four weeks to purchase items.
- Employees stated that some vendors will not accept POs because the City does not pay in a timely manner.

The City is responsive to community needs

- The Council makes itself accessible to both residents and staff.
- Overall, the City is quick to respond to general complaints.
- Lex-Call has been a wonderful addition to the City, making both citizens and employees happy.
- Community involvement is a value to the government.
- The Division of Parks and Recreation facilitates community relations by working with outside agencies.

The complete results of employee focus groups are included as Attachment E-2 to this report, and includes verbatim comments recorded during the focus group discussions.

F. CORPORATE RECOMMENDATIONS

In this section of the report, we present those recommendations which have universal application throughout the organization. These recommendations are, by their global nature, priorities and implementation of these recommendations would promote positive change for the City on a large scale.

Strategic Management and Planning

City-wide, the use of strategic management principals and strategic planning is limited. Few departments have strategic plans in place or accompanying work plans.

A comprehensive strategic planning process involves establishing a clear mission for the organization, a vision for the future, articulating the organization's values, preparing an environmental scan that identifies the factors affecting the organization, establishing goals, identifying priority strategies, and creating implementation plans. A *mission statement* provides the framework and direction for the organization. It states the purpose and provides the marketing focus. The mission statement gives a rationale for programs that are carried out by the organization, and guides the prioritization of opportunities. It fundamentally defines what the organization stands for and what it will do. Establishing a *vision* of where the organization wants to be in the future is a fundamental part of the strategic planning process. Where the mission states the purpose of the organization, the vision states the future. The *values* of an organization drive both the goals and strategies created and the process of implementing the strategic plan.

Prior administrations developed a mission statement and values that hang on the walls in the government office buildings. The mission statement is:

Working in partnership with the community to provide a safe and secure environment, excellent customer service, a vibrant organization, and economic opportunity empowering all to thrive.

This mission is supported by the following values:

Leadership – Innovative, proactive, ethical, visionary, inclusive, collaborative

Fiscal Responsibility – Accountability & results oriented

Understanding – Open communication (listening & feedback) sensitive to needs of citizens and each other, awareness of current and future needs

Continuous Improvement – Proactive, well planned, inclusive

Great Service – Effective, efficient, results oriented, responsive, well trained, equipped, supported employees

This prior work should be considered and either modified or affirmed by the current administration as part of a strategic planning exercise.

An *environmental scan* is normally conducted as part of a strategic planning process in order to identify the factors that are currently influencing the organization and those which will affect it in the future. Typical factors include fiscal constraints and opportunities, service demand drivers, policy issues, legislation, demographic characteristics of the community, and workforce issues. A “SWOT” analysis (strengths, weaknesses, opportunities, threats) is normally part of the environmental scan.

Goals set the framework for Lexington’s policies that guide the direction and focus of the organization, budget decisions and allocation of other resources, such as staff time. Goals are “up on the balcony” wide views of opportunities for change and improvement. They are statements of how you want the future to be. Goals provide the “why” (i.e., provide larger meaning and context) of the specific actions the agency takes. They help corporate leaders and policy makers to decide which of the many worthy projects should be done and when, within available resources. Goals must be meaningful and attainable.

Strategies are the means to achieve the goals. They are the individual projects that must be assigned, with resources identified, that will contribute to achievement of a goal. Projects should be achievable within the available resources, with clear direction and attainable timeframes, with periodic checking on progress, changes or challenges.

Lexington’s government would benefit from a comprehensive strategic planning process, which carries through to specific work plans for departments that support the overall City-wide strategic plan. In this way, policymakers can be assured that “everyone is rowing in the same direction.”

Recommendation F1: Create a strategic plan for the Lexington-Fayette Urban County Government and annual department work plans based on it. This City-wide strategic plan should then serve as the framework upon which departments prepare their own strategic and work plans which are related and which help to achieve City-wide strategic plan goals.

Recommendation F2: Develop five-year strategic plans for every department. Every department should have a plan which sets a course and specific goals for the ensuing five years. The department plans should relate explicitly to the City-wide strategic plan.

Recommendation F3: Create annual work plans for every department. As noted above, each department should prepare an annual work plan with specifics as to how strategic plan goals will be achieved and goals for each year's accomplishments.

Recommendation F4: Use work plans as one factor when reviewing commissioners' performance. By having work plans, the Mayor and commissioners can clearly determine whether progress toward goals is made each year and whether the departments are working to support the policymakers' stated mission and objectives for the organization. While supervision and management of daily operations is clearly critical for commissioners, they should also be expected to work toward enacting a number of operational improvements annually as well.

Performance Management

Best practices agencies routinely utilize performance measures in order to gauge progress and performance. Without the routine collection of data on inputs (workload), outputs (workload completed), efficiency (cost per unit) and effectiveness (customer satisfaction or quality), it is virtually impossible for managers in an organization to truly know how they are doing. One would not be surprised to see a private sector manager tracking data and numbers on his operations and this principal applies to public sector managers as well.

Lexington does not utilize a comprehensive system of performance measurement. In many instances during the course of this review, department commissioners were unable to provide quantitative data required for the proper management of their organizations. Just a few specific examples include:

- The Department of Law does not have performance measures to determine departmental effectiveness or efficiency.
- The E-911 Center does not have a service quality standard for call-pick up, such as answer 90% of calls within 10 seconds 80% of the time.
- The Police Division did not know the average percentage of time per patrol officer spent answering calls for service.
- Police Division does not know average monthly case load per investigator by type of investigation.
- The Purchasing Division does not set cycle time standards for processing purchase orders nor do they track cycle times.
- The Human Resources Division does not set cycle time standards for filling vacant positions nor do they track cycle times.
- The Fire Division does not know or track the average time frames for EMS tasks such as: average time from call to on-scene; time from on-scene to patient side; time from patient side to begin treatment; time from patient side to begin transport; time from begin transport to transfer to ER staff.
- Community Corrections does not track recidivism rate for its inmate support programs, such as drug education programs.
- The Code Enforcement Division does not know the number of re-inspections or the average number of inspections per order issued.

A culture of continuous improvement requires a formalized program performance measurement system reinforced by a corporate management system. Program performance measurement begins with an inventory of the programs (services) that the government provides to the citizens, developing a list of measures for effectiveness, efficiency and workload (inputs/outputs), and setting standards or targets for those measures that provide a profile of expected program performance. Most successful performance measurement systems are closely integrated into the budget process.

While at times the lack of performance measurement data can be the result of oversight or lack of knowledge, it is more frequently related to the lack of proper focus by management on operational performance. Too often managers focus their daily efforts on issue management and crisis control and lack the discipline to focus on daily service delivery.

A comprehensive system of performance management has at its core routine communication between managers on operational performance and project management. Reporting performance filters “up” through the layers of management and “out” to the Council and the public, ensuring that performance is clearly communicated to policy makers and the general public.

Recommendation F5: Implement a system of performance management with comprehensive outcome-based performance measures. Performance measurement is not a panacea, but a means to provide

data to managers and supervisors who no longer need to operate “in the dark.” By having numerical data to review and to show trends or anomalies, managers and supervisors can make more informed choices.

Technology

Overall, technology is a corporate weakness which limits the ability to manage and analyze performance. Numerous departments reported a lack of appropriate equipment and/or support for implementation of technology efforts.

City-wide, employees who completed the Management Partners survey responded to the statement, “My division has the technology we need to do our jobs efficiently” with an average rating of 2.59 where a rating of 1 equals “strongly disagree” and 4 equals “strongly agree.” Only three entities (Council Office, Mayor’s Office, and Government Communications) responded with a rating of 3 or above, leaving seven departments or divisions (and the majority of employees) that do not completely agree with the statement.

Management Partners’ review of the government confirms this widely-held view among employees. Many specific technology improvements are needed and were cataloged during the course of this review, and can be found integrated into the associated department/division sections of this report.

Recommendation F6: Prepare a City-wide enterprise Information Technology (IT) Plan. Similar to a strategic plan but specific to information technology, an enterprise IT plan will determine the technological direction of the City and the means by which to get there. From this plan, IT management can staff appropriately, purchase appropriately, and better determine the needs of its internal customers, i.e., the departments.

Overall Fiscal Capacity and Management

The City has some opportunities for improvement in the reporting and use of financial information, both in the management of its normal business and in support of policy-making by having a true multi-year financial plan. The current administration is working in partnership with the Council to put some basic building blocks in place to support improved financial reporting and accountability. This is an important step, and combined with recommendations contained throughout this report, it will serve to strengthen the overall financial management and planning efforts of the government.

Additionally, throughout the City, fees are lower than market and services are being provided at a cost less than the cost of providing the service (resulting in a City General Fund subsidy). This is acceptable when accomplished under a prescribed and formalized policy from the Council (such as, for example, all recreation programs must recover 80% of their costs).

This report details the need to establish clear policies for cost recovery and ensure that fees and charges are adequately set to achieve the stated policies for general fund services. In order to appropriately price services to meet cost recovery policies it is important to understand the cost of service. In many cases it is considered to be best practice to develop a fee structure to fully recover the cost of providing the service.

Recommendation F7: Conduct a fee study. The scope of work should cover all circumstances where the City has established a fee that attaches to a government service funded by the General Fund. In circumstances where fee studies have been completed recently for individual government services, staff should bring forward recommendations for implementation to their Commissioners for forwarding to Council for approval.

Other Corporate Issues

The Charter requires the position of Citizens Advocate to serve as an Ombudsman and provide the citizens with an independent representative in government to investigate citizen complaints and disclose irregularities and abuses. The position and “office” were created with the adoption of the Charter in 1974 in a very different technological and service environment than exists in 2007. This type of position serves to ensure quality control at the “end” of the process, much as manufacturing was accomplished decades before “quality improvement” sought to ensure quality at every step, not just at the end of the production line.

Today the Citizens Advocate serves as a customer service call taker who addresses the concerns of residents by facilitating service delivery, educating them about City policies and procedures, and sometimes enlightening City departments when service quality has disappointed the resident. This function is essentially a duplication of the City’s Lex-Call procedure and is no longer necessary. The original intent of a Citizens Advocate was laudable, but clearly times have changed; the function can and should be provided throughout the organization, supported by the City’s Lex-Call system when there is a breakdown.

Recommendation F8: Eliminate the Citizens Advocate position.

Branding

As is common in many large agencies, over the years departments and divisions throughout the organization have developed newsletters, letterhead, business cards, and web pages that vary in appearance and message. This is usually done to improve appearances or communication, where the City-wide process for doing so is not working. While efficiency is gained, the result is the lack of a consistent “brand” which ties all departments and divisions together as part of an integrated City government.

In addition, the merger of Lexington and Fayette County in 1974 created a formal, but somewhat cumbersome, legal name for the City – Lexington-Fayette Urban County Government. As so often happens in government, a long name falls victim to acronym soup, and “LFUCG” is commonly used to refer to the government – downtown buildings even have awnings with this acronym on them. While Lexingtonians may be aware of what “LFUCG” is, the City has an international audience for the upcoming equestrian games. Frankly, “LFUCG” does not portray the image of this progressive and contemporary community to the world. Lexington needs a brand and a name fitting of its international appeal, one that is used consistently by the entire government.

While the concern may seem minor to each department and division, changing employment demographics have resulted in a tighter job market and the use of consistent “branding” by public employers has been proven to attract applicants. Similarly, customers of the government’s services need to understand that these are Lexington government services. The organization needs to determine how it wants prospective employees and residents to view it and to portray this in some way throughout all of its operations in a consistent manner. The government is, indeed, one organization and should portray itself in this manner while recognizing and touting the broad array of programs and services provided.

Recommendation F9: Define a Lexington brand and incorporate that brand into government publications, documents, and programs. To implement this recommendation, the government should obtain the services of public relations professionals who are experienced in the art of branding. Once the branding concept is developed and a new logo is designed, every unit and dimension of the Lexington government should be required to adhere to it.

Recommendation F10: Redesign the government’s website so that each department and division uses the common web design and format consistent with the branding initiative. While the core layout of the website should be consistent throughout the government, special

attention should be given to divisions with programmatic marketing needs.

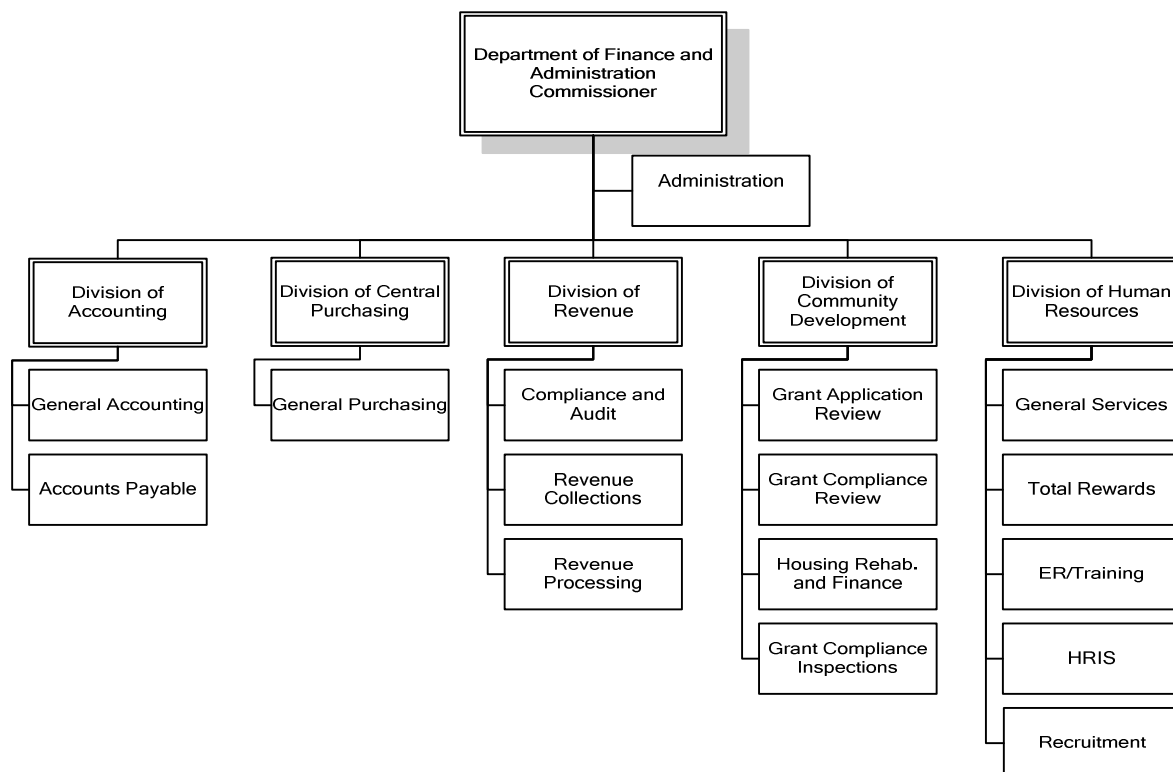
Recommendation F11: Develop a standard letterhead and business card format for the government that is consistent with the branding initiative.

G. DEPARTMENT OF FINANCE AND ADMINISTRATION

The Commissioner of Finance and Administration is appointed by the Mayor and manages this department of 114.5 FTEs working in the following five divisions and as shown in Figure G1 below, plus administration which is part of the commissioner's office.

- Accounting
- Central Purchasing
- Revenue
- Community Development
- Human Resources

FIGURE G1: DEPARTMENT OF FINANCE AND ADMINISTRATION CURRENT ORGANIZATIONAL STRUCTURE



The Department has a total FY08 budget of \$8.9 million, \$7.1 million of which is salary and benefits.

Management Partners offers the following recommendations for the Department of Finance and Administration.

Administration

The commissioners' office provides administrative support and management oversight for the department and is responsible for several key duties, including:

- Management oversight of the department
- Implementation of PeopleSoft modules
- Providing quarterly reports, long-range forecasts and capital planning for the Sanitary Sewer Fund, Landfill Fund, Expansion Area Fund, and Parking Authority
- Monitoring investments
- Managing banking relationships
- Cash management
- Performing the annual financial audit
- Fund management and administration for the Police and Fire Pension Fund
- Managing Police and Fire Pension Fund investment advisors
- Bond issuance and debt management
- Preparing the statistical abstract for the City' Combined Annual Financial Report

The Finance Division consists of five FTEs and has a budget of \$711,000, with 66.5% of that spent on salaries and benefits.

The following findings and recommendations apply to the Finance Administration Division.

Cash Management

The City's Treasury function has not enjoyed the benefit of technology support. The philosophy for investing idle funds has been weighted toward safety rather than for return in the form of greater interest rates. As a result, the method used to invest idle funds has been to sweep accounts at day's end into an overnight repurchase investment account with the institution that enjoys the banking contract with the City at the time.

The result is a lack of historical trend data regarding cash requirements which, in turn, makes it difficult to program the length of investments. All investments are currently restricted to overnight durations. To date, the STARS Cash Management Module has not been implemented. This module will track and project daily cash requirements based on historical operations and programmed formulas. For example, it will link the

accounts payable activity to a cash requirement formula to project how much cash is needed and when it is needed. It will also analyze capital budget project schedules to anticipate when cash is needed. The purpose of the cash management module is to optimize income from investments while making sure that there is enough ready cash in appropriate bank accounts for creditors to receive timely payment.

There is currently no ability to project cash needs for seven to 30 days or longer. Cash management tracking is all done manually. Consequently, there is no ability to invest idle funds for a longer term to generate better financial returns. Since Lexington is now capable of issuing longer term debt instruments and is working on a true long term capital improvement plan, the ability to maximize a safe return on idle cash becomes more important. Interest income is projected to be less than \$1 million on revenue in excess of \$250 million, which is less than one-half of one percent, an unacceptable rate of return. See Table G1 below.

TABLE G1: INTEREST EARNINGS COMPARED TO GENERAL SERVICES FUND REVENUE

	FY 2005 Actual	FY 2006 Budget	FY 2007 Estimated
Interest Earnings	\$334,948	\$200,000	\$920,000
Total Revenue	\$233,155,357	\$240,612,690	\$251,896,680
Earning Rate	0.0014%	0.0008%	0.0037%

Recommendation G1: Develop a plan and timetable for implementing the STARS cash management software.

Recommendation G2: Implement cash management planning for appropriate time intervals up to, and including, one year.

Recommendation G3: Establish a target for interest earnings on idle cash based on money market conditions. Providing for a more rigorous cash management function should result in an increase in interest earnings.

Streamline the Organization Structure

The organizational structure of the department can be streamlined. A number of organizational reporting relationship modifications can be made to improve efficiency and effectiveness.

The recommended reorganization of the Risk Management Division of the Law Department will have an impact on the Finance Department. The safety training function of risk management is recommended for transfer

to the Human Resources Division, to be consolidated there with other governmental training responsibilities. Risk management administration, which includes loss control and the accounting and audit functions of risk management, is recommended to be transferred to the Finance Department .

Recommendation G4: Transfer employee safety training duties from the Risk Management Division to Human Resources. For more details, see the “Law Department” section of this report.

Recommendation G5: Transfer the Risk Management Division administration and loss control management programs to the Finance Department. For more details, see the “Law Department” section of this report.

Risk Management Division Position Transfers

The positions transferred to the Risk Finance Department to implement the transfer of risk management operations from the Law Department are shown in Table G2 below.

TABLE G2: RECOMMENDED RISK MANAGEMENT PERSONNEL CHANGES

Transferred to Finance Department Risk Management Division	Transfer From
Risk Manager Director	Law Risk Management
Safety and Loss Risk Manager	Law Risk Management
Industrial Hygienist/Loss Control Specialist (2)	Law Risk Management
Administrative Specialist	Law Risk Management
Staff Assistant	Law Risk Management

With the addition of the Risk Management Division, there is a need to restructure the organization to reduce the number of Direct Reports to the Finance Commissioner. There are some specific functions including fund management for police and fire pension funds and the cash management functions which would be more optimally located in the Accounting division.

Recommendation G6: Transfer the Financial and Investment Analyst and the Financial Management Administrator positions to the Accounting Division.

The Division of Community Development of the Finance Department is responsible for grants management and administration, sub-recipient monitoring, and the homeowner rehab program. Lexington can realize cost savings and cycle time reductions without losing quality of service by phasing out this division and transferring certain responsibilities to other organizational units.

The City can decentralize grants management and administration to operating departments as detailed later in this section of the report. This will save the cost of the two positions needed for centralizing grants management and administration.

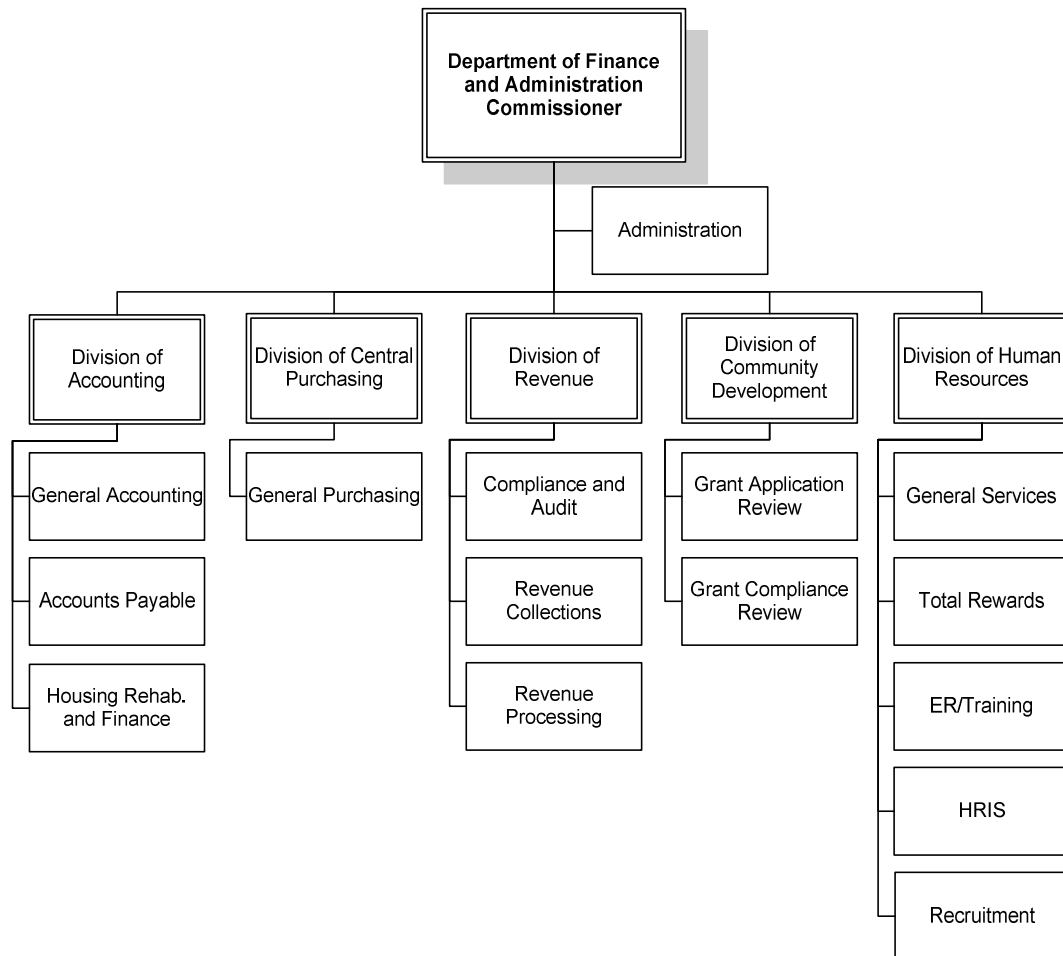
Grants accounting/auditing and sub-recipient monitoring responsibilities and the four positions currently performing these tasks can be transferred to the Accounting Division.

Homeowner Rehabilitation and Finance Program responsibilities can be outsourced and transferred for greater efficiency. Applicant qualification responsibilities should be considered for outsourcing to a community housing development corporation. Successful outsourcing would allow elimination of the three positions currently carrying out applicant qualification. If outsourcing is not feasible, the three positions responsible for applicant qualification should be transferred to the Accounting Division of the department. The five positions in the program responsible for inspection services and code enforcement should be transferred to the Code Enforcement Division of the Public Safety Department. This would result in better efficiency and more consistent application of the code across all code enforcement activities in the government.

Specific recommendations for transferring certain responsibilities of the Community Development Division are covered in detail in the “Division of Community Development” section of this report.

Figure G2 below shows the proposed new organizational chart for the Department of Finance and Administration.

FIGURE G2: DEPARTMENT OF FINANCE AND ADMINISTRATION RECOMMENDED ORGANIZATIONAL STRUCTURE



Division of Accounting

The Division of Accounting provides accounting services for the City and has the following primary responsibilities:

- Journal entries
- Fixed asset accounting and management
- General ledger maintenance and monitoring
- Grants accounting
- Monthly account reconciliation
- Capital project accounting for bond issues
- Interest income tracking
- Implementing PeopleSoft modules
- Accounts payable
- Payroll
- Maintaining the chart of accounts

The Accounting Division consists of 11 FTEs and has a budget of \$794,020, with 96% of that spent on salaries and benefits.

The following findings and recommendations apply to the Division of Accounting.

Budget Control Policies

Interviews with staff members show that problems arise due to the level of control in the STARS budgeting module. The STARS module controls expenditures down to the fifth level, while the City's appropriations policy only requires controls to the third level.

Expenditures are coded for tracking purposes. In Lexington, expenditure coding includes tracking for the organizational unit that is making the expenditure and what the expenditure is for (object of expenditure). Organizational coding for expenditures is tracked for department, division and program, three levels of organization. Object of expenditure is coded for major classification and minor classification – two levels of expense. For example, a major classification might be "Goods and Services" and minor classification within that major classification might be "Office Supplies". When Council appropriates funds, the appropriation is made to the division level of organization and the major object of expenditure class within each division. Budgets are prepared down to program and minor classification levels – the fifth level - and coded accordingly in the STARS system. This is a good practice and is ultimately necessary for accurately determining true program costs. However, the STARS system treats this budgeting practice as if it were also the policy for controlling appropriations. As a result, whenever a minor expenditure at the program level exceeds the budgeted amount, the STARS system rejects the expenditure and staff of the Accounting Division, Budget Division and the division making the expenditure must all collaborate to make appropriate adjustments to permit the expenditure. In other words, expenditures are

controlled at a much more detailed level than is required by law or best practice. Best practice controls daily expenditures at the same level as appropriation policy while tracking expenditures to the program and minor classification levels.

Because of this, a workaround has been created. When a journal entry for a purchase exceeds the fifth level “budget” amount, the journal entry is rejected until the Budget Office transfers funds into the system to allow it to accept the journal entry. Some journal entries are also rejected because of a “match exception” error, e.g., coding errors on the journal entry. Staff estimate approximately 20 exceptions per month with the number growing as the fiscal year-end approaches and budgets get tighter.

This has an impact on the ability of staff to meet deadlines. While the target completion date for the CAFR last fiscal year was October 31, it was not completed until December 31. The CAFR for the current fiscal year has also missed the completion target date and the Finance Commissioner cannot provide accurate information on carry-forward balances until all accounts are reconciled. This is a frustration to the Council and Mayor who want to know what the carry forward balance is.

At the time of interviews for this review on August 7th 2007, bank account reconciliations for June were not completed; most best practice cities have targets for monthly close within 10 days after end of the month. Overtime is utilized in order to allow staff to catch up; the supervisor had exceeded budgeted overtime of 80 hours by the end of June.

By November, based upon discussions for this review, City staff had taken appropriate steps to conform STARS and working budget control practices to match the City’s appropriations policy. While the City should continue to track expenditures to the fifth level, they should not exercise budgetary control at that level.

Additional measures should be implemented to reduce data entry errors further reducing workload associated with general ledger tasks. The most effective step would be to build in control parameters for account coding at the point of initial data entry. This should reduce the match exception errors that require correction by the general accounting staff.

Recommendation G7: Develop methods to reduce coding errors for STARS journal entries. By improving quality of data entry, the City can reduce errors and labor hours needed to process journal entries with the goal to produce the CAFR and monthly bank reconciliations on time.

STARS Project Module

Technology is a considerable weakness for financial operations. Much work for grants and capital projects accounting is performed on an old software system. As a result, completing required reports for grants accounting to finish the “single audit” must be done manually, slowing down the process. This also makes it a problem to keep capital projects and fixed asset information current to comply with Governmental Accounting Standards Board Statement 34 (GASB 34) requirements.

To date, the projects module for the STARS system has not been installed. The STARS projects module will provide the backbone system for accounting for grants and capital improvement projects. Because of problems with the STARS system, planning/timing for implementing the projects module has not yet begun.

Recommendation G8: Develop a plan to implement an appropriate system to account for grants and capital projects. The labor required to complete the single audit for grants and account for capital projects would be reduced. Meeting GASB 34 requirements for fixed asset accounting will be automated.

Division of Central Purchasing

The Division of Central Purchasing procures commodities and services for Lexington agencies. The division consists of eight FTEs and has a budget of \$508,650, with 96% of that spent on salaries and benefits.

Table G3 below shows current purchasing requirements in the City.

TABLE G3: CURRENT PURCHASING REQUIREMENTS

Purchase Type	Threshold	Method
Commodity	Less than \$1,000	Use existing contract or purchase anywhere
	\$1,000-\$4,999	Purchasing agency gets three verbal quotes, one of which must be from minority vendor
	\$5,000 and up	Purchasing Division prepares specification and holds formal bid process including bid opening
Service	Less than \$25,000	Formal RFP process with selection based on seven articulated criteria through a selection committee
	\$25,000 and up	Same formal RFP process as above, Council approval mandatory

In FY 2007, the division processed over 20,000 purchase orders. Of these, almost three-quarters (73%) were for items or services costing under \$1,000, 17% were for items or services costing \$1,000-\$4,999, and the remainder were for items or services costing \$5,000 and up.

Process maps for purchasing commodities and professional services were prepared as an element of this review, and are included as Attachments G-1. The recommendations made below resulted from an analysis of the current processes as well as applying best practices implemented in other jurisdictions.

Contract Authorization

Currently, Lexington must approve all contracts by separate ordinances even though the approved budget includes funding for the activity to which the contract applies. Approving a separate contract after adopting the budget that has authorized the activity is not the optimum use of the legislative body's time and serves to unnecessarily prolong its meetings. Many jurisdictions include language in their budget ordinance that authorizes executing contracts for which funding has been included in the adopted budget without further review or action by its City Council. Including similar language in Lexington's budget ordinance would streamline the contracting process and free up time for the legislative body for other non-routine matters and reduce the administrative time required to prepare separate ordinances and cover reports for each contract. This would also allow attorneys in the Law Department to spend more time on other non-routine matters.

Recommendation G9: Eliminate duplication of effort in the contracting process by including appropriate language for contract authorization in the budget adoption ordinance.

Procurement Cards

As noted earlier, in FY07 the Purchasing Division processed over 20,000 purchase orders. Over three-quarters of these (14,700) were for items less than \$1,000. According to City rules, items less than \$1,000 may be purchased anywhere or by using an existing contract.

Lexington employees report that they often must make small purchases of an immediate nature using their own funds or credit cards. They furnish a receipt and the Finance Department manually cuts a check for reimbursement to the employee. Finance Department staff estimate that this happens about twenty times a month. The manual nature of this process is labor intensive and, since it occurs outside of normal accounts payable processing, also requires manual account reconciliation. The process to close purchase orders at month-end is backlogged and, by staff estimate, purchase order processing time has doubled because the STARS system requires more data input. Using a procurement card instead of the employee's credit card or cash for such immediate purchase requirements would eliminate all manual processing.

Recommendation G10: Develop and implement a procurement card protocol for commodities costing less than \$1,000. Nearly 75% of purchase order processing volume could be eliminated by implementing a procurement card protocol, resulting in sizeable labor savings. Since items under \$1,000 can be purchased anywhere or using an existing contract, processing a purchase order for such items is not a value added activity for either the originating agency/purchaser or the Purchasing Division. Commodities can be purchased much more quickly as a purchase order would no longer be necessary.

Reverse Auctions

The City uses a standard formal bid system that has been used for decades. According to legal requirements, written bids must be submitted and those bids are opened at the same time and same place and are the final bids allowed to be considered; the lowest bid meeting the City's specifications is awarded the contract.

Many jurisdictions have implemented an approach to commodities purchasing known as a reverse auction. Reverse auctions are managed through an automated on-line bidding process. Potential vendors use the usual media outlets to become aware of opportunities to bid on supplying commodities. However, instead of submitting a sealed bid to be opened at a given date and time, vendors submit their bids electronically. The bids all appear on a designated internet site for all vendors to see the results. Vendors are then given a time-frame, usually in minutes, to reconsider their initial bid and to submit a new bid that is lower in price than the initial lowest bid. If a new lowest bid is achieved, the process is repeated until the ultimate lowest bid is determined by all vendors not reconsidering their latest bid. The process essentially uses the internet to have vendors bid against one another for business.

Professional services or construction projects usually do not lend themselves to using the reverse auction system, but nearly any commodity purchase can be made using this new system. Jurisdictions that have implemented reverse auction purchasing have noted that the normal experience is that the initial lowest bid submitted is not the ultimate bid that wins the contract.

The Purchasing Division has software that could manage the reverse auction process. Work is underway to create a bridge from the bidders file currently in use to the STARS purchasing module. This would facilitate implementing a reverse auction system.

Recommendation G11: Develop and implement a reverse auction for purchasing appropriate commodities and services. Jurisdictions that have implemented reverse auction bidding policy have documented substantial savings using such a system.

Formal Bid Thresholds

The threshold requiring formal bids for purchase of commodities is quite low. According to the current policy, purchases of \$1,000 to \$4,999 require three verbal quotes, including one minority vendor, with award made to the lowest bidder who meets the City's specifications.

The use of formal quotes makes sense and was put in place to protect vendors from potential extortion or favoritism attempts. Formal bids can allow local governments to easily compare between vendors. However, formal quotes and bid openings also add staff labor and cycle time to the purchasing process. Many jurisdictions have a \$10,000 threshold for formal quotes and bid openings, which is double that of Lexington.

Recommendation G12: Increase the formal quote and bid opening threshold from \$5,000 to \$10,000. This change will reduce purchasing cycle time and result in labor savings for the Purchasing Division.

Division of Revenue

The Division of Revenue provides several collection and treasury services for the City and has the following primary responsibilities:

- Administer, enforce and collect Occupational License Tax
 - Business Net Profits Tax
 - Payroll Tax
 - Register new businesses
 - Identify unlicensed businesses
- Monitor quarterly Insurance Premium Tax receipts from Commonwealth
- Monitor Alcohol Beverage License renewals and all business license renewals
- Monitor monthly receipts of Sanitary Sewer Fund user fees collected by private vendor
- Monitor monthly receipts of Landfill user fees collected by private vendor
- Process hotel-motel tax receipts
- Process park and recreation fees
- Set up commercial accounts for landfill users
- Prepare property tax bills for the County Clerk

- Monitor property tax collections for General Services District and Urban Services District
- Process utilities franchise fee collections
- Manage private vendor collections of emergency medical services billing
- Administer and collect construction dumping fees

The Division of Revenue consists of 37 FTEs and has a budget of \$2,619,050 with 83% of that spent on salaries and benefits. The division processes \$380 million in annual revenues, \$242 million for the General Fund and \$138 million for other funds.

The Division of Revenue oversees 40,000 accounts for the occupational license tax, which is 2.25% on net business profits and wages of employees. The division is proactive and ensures that every business claiming a tax refund is automatically audited using the Federal IRS matching program, resulting in roughly 5,000 audits per year. An insurance premium tax of 5% paid on health, casualty, life, auto and marine policy premiums is paid by the policy issuer and administered by the Commonwealth.

The division collects revenues from 96,000 Sewer Fund accounts, with income of roughly \$2 million per month and a 99% collection rate. Similarly, the division collects revenues from 74,000 Landfill Fund accounts with income of roughly \$360,000 per month and a 98% collection rate.

The following findings and recommendations apply to the Division of Revenue.

Collections Vacancies

The Compliance and Audit section with the Division of Revenue is responsible for following up on unpaid accounts and performing random audits. In the past, the Division of Revenue was not allowed to fill five vacant positions in the Compliance and Audit section.

In FY 2006 the average collection per analyst was \$280,000. If the average cost per analyst is \$60,000 for salary and benefits, each analyst in 2006 resulted in a "profit" of \$220,000.

While total license fee collections increased 6% from FY05 to FY06 and is expected to increase another 5% from FY06 to FY07, revenue from audit and compliance efforts has decreased by 17% over the past year.

The City has recently authorized the filling of the five vacant positions in the Compliance and Audit section, based on discussions with Management Partners project staff during the course of the study.

It is apparent that positions in this section are generating revenue in excess of their cost, as detailed above. Given this circumstance, the City should also add positions to this section to maximize revenue collections. Compliance and Audit staff positions should be added at the rate of four per year until the marginal revenue per analyst is equal to the marginal cost per analyst. In other words, if the cost per analyst is \$60,000 per year and the additional revenue realized by adding an analyst is \$60,000 staffing and revenue collection would be optimized.

Recommendation G13: Add additional analysts to the Audit and Compliance Section of the Revenue Division at the rate of up to four per year until marginal revenue equals marginal cost.

New positions recommended for addition to the Revenue Division to implement this recommendation are shown in Table G4 below.

TABLE G4: REVENUE DIVISION NEW POSITIONS COST

Position	FY 2008 Cost	Benefits Rate	Total
Revenue Compliance Auditor (4)	\$166,676	38.08%	\$230,140
Total	\$166,676	38.08%	\$230,140

Parking

As with most metropolitan agencies, the City owns a number of parking lots and parking garages that are paid for primarily with user fees. However, not all costs are covered by fee revenue and the General Fund currently provides a subsidy of \$793,000 per year.

In 2006, the City established a Parking Authority to be responsible for management of its parking operations. Table G3 below details the Parking Authority's function, powers, and responsibilities as originally conceived.

TABLE G3: PARKING AUTHORITY FUNCTIONS, POWERS, AND RESPONSIBILITIES

Functions	<ul style="list-style-type: none"> ▪ Strategic planning and management ▪ Operation of revenue-generating garages ▪ Parking meter operations ▪ Parking fines / enforcement – towing, ticketing, public education ▪ Loading zones & special permit parking, including parking signage ▪ Residential parking permit areas ▪ Determining the need and placement of new facilities ▪ Economic development team member ▪ Bonding Authority – initiate new bond projects
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Powers	<ul style="list-style-type: none"> ▪ Acquire, own, and finance new facilities ▪ Plan, design, and locate parking facilities ▪ Power to make contracts ▪ Hire and maintain staff ▪ Acquire property or air rights, dispose of property, lease / manage property ▪ Contract for management of facilities ▪ Borrow funds / accept grants / pledge revenues ▪ Initiate bonds to finance projects ▪ Request Lexington to levy dedicated tax
Garages Included	<ul style="list-style-type: none"> ▪ Lexington Annex Garage – 162 East Main Street – 380 spaces ▪ Transit Center Garage – 129-151, 169-201 East High Street – 777 spaces ▪ Victorian Square Garage – 350 West Short Street – 378 spaces ▪ Phoenix Parking Structure – 151 East Vine Street – 152 spaces
Garages Not Included	<ul style="list-style-type: none"> ▪ Government Center Garage – Employee parking only ▪ Courthouse Garage – Shared obligation with the Administrative Office of the Courts (AOC)
Parking Meters	1,090 total meters – Central Business District, University Area, near downtown areas

Since creation of the authority, three parking garages were determined to require significant capital investment and one has been partially closed. The City subsequently decided not to transfer responsibility for parking garages to the authority. At this point the authority will only be responsible for on-street parking operations.

In many jurisdictions, parking is self-supporting or privately provided. An objective of the new parking authority or the City, if it retains the responsibility, should be to develop a plan, including selling unprofitable assets for eliminating the General Fund subsidy and operating Parking as an enterprise fund.

Recommendation G14: Develop a plan to eliminate or reduce the General Fund parking subsidy. Over the long-term, the City should eliminate \$900,000 of General Fund expense.

Occupational License Tax (OLT) Accounts

The Division of Revenue is responsible for the administration and enforcement of the City's OLT accounts. While the Revenue Division attempted to use the STARS module in its OLT administration and enforcement activities, it was not designed for such activity and the experiment did not work. The division has since reverted to its older mainframe system that is limited in its ability to provide enforcement information and which does not provide a report that indicates unpaid/delinquent net business profit occupational license tax accounts.

In an effort to resolve this problem, the division is working with a Kentucky software company to develop OLT software for use by Kentucky jurisdictions. Unfortunately, this software is probably two years away from being available.

Due to the City's current lack of OLT data, the only way to check for delinquent/unpaid net business profit accounts would be to run a list of previous years' payers and a list of current year payers and compare the two. Since the mainframe system is a legacy system, it would seem a worthwhile endeavor to write a program that compares the net business profit OLT accounts for each of the previous three years to the current year's payers list to identify accounts no longer paying. This would provide a list of accounts to investigate for in-depth auditing and likely result in new revenues to the City.

Because of the lack of data showing who paid last year but did not pay this year, it is difficult to prove there is a problem. However, the inability to produce such data is evidence of an information gap of data that should be available to guide auditing triage protocols.

Recommendation G15: Develop a report showing occupational license tax (OLT) accounts that have stopped paying in the last three years. While the actual financial impact is unknown (because the true scope of the problem is unknown), implementing this recommendation should generate new revenues for the City.

The Collections Process

One of the primary functions of the Division of Revenue is to collect amounts due to the City. When an account is determined to be delinquent or unpaid, the Compliance staff sends a letter demanding payment in 30 days. A copy of the letter is placed in a suspense file 45 days from the sent date to check for payment. If the account remains delinquent/unpaid at that point, a second letter is sent and the routine repeats itself. If the account still remains unpaid, a third letter is sent and the routine is repeated. If payment is not received after three letters with waiting periods (representing over 100 days of cycle time), the account is turned over to the Collections section of the division for action. The process is depicted in a process map included as Attachment G-2 to this report. The Collections section will send at least one additional letter and may make phone calls to generate payment. Collections has no established practice or policy for its routine but proceeds on a "case by case" basis.

This collections process results in unnecessary expense to the City, both in terms of labor cost and lost interest income, and has too long a cycle time. The City's collection process should be streamlined.

Recommendation G16: Establish a practice of sending one demand letter for delinquent/unpaid accounts before sending the account to Collections. This recommendation must be coordinated with

recommendations 135 through 139 which recommend a triage process before collections are sent to the Law Department and suggests referring some items directly to a collection agency. Implementing this recommendation will reduce audit and compliance costs and should increase the speed of collections.

In the past, Lexington collected OLT payments on behalf of the School Board and would remit the collections. The fee charged by the City to the School Board for this service was \$200,000. Due to a dispute concerning the remittance of partial payments, the School Board decided to collect its own OLT payments.

In retrospect, this is clearly a duplication of effort that is costing City and school district taxpayers' needless expense. When the City collects and enforces for its own purposes, there would be no additional effort to collect and enforce for the School Board as was previously done. Not only is duplicating collections in two entities more expensive, but OLT filers have to duplicate their efforts, remitting to two different jurisdictions, submitting duplicated forms/returns.

Recommendation G17: Initiate discussions with the School Board to resume collecting the OLT on its own behalf. Implementation of this recommendation would result in \$200,000 in additional revenue to the City with no additional costs and an unknown reduction in costs to the school district resulting from the difference between the costs of collection staff and the annual payment for service to the City.

Landfill Billing

The Revenue Division oversees collection of the user fees for the Sanitary Sewer Fund and the Landfill Fund. The Sanitary Sewer Fund user fees and the Landfill Fund user fees are established by ordinance and the majority of the bills are calculated automatically as an element of the billing process administered by the private water company. Included on the water bill are sewer user fee charges and the majority of landfill user fee charges for individual containers (Herbies).

The Revenue Division sends out bills for approximately 3,000 dumpster accounts in the County. Dumpster containers are rented from private refuse companies; however, the servicing of the dumpsters is the responsibility of the Division of Solid Waste. Unfortunately, most questions occur when there is some change to the service basis and such changes are processed by the staff in the Solid Waste Division, not staff in the Division of Revenue who are collecting the payments. Customers assume that because the payment is remitted to the Division of Revenue, that it is the appropriate place to direct questions about the bill. When such questions are received, they must then be transferred to the

operating division, potentially giving the caller the feeling of being “bounced around” in the system.

Recommendation G18: Include phone numbers on bills for Lexcall and/or Division of Solid Waste for questions on Landfill user fees for dumpster service.

Recommendation G19: Train staff in Lexcall and the Solid Waste Division to handle customer complaints about dumpster service.

Implementing these recommendations will improve customer service to Lexington residents and result in a productivity improvement for Revenue Division staff by reducing the number of phone calls to that staff.

Division of Community Development

The Division of Community Development provides centralized grant management and Community Development Block Grants (CDBG) administration for the City; it has the following primary responsibilities:

- Review grant applications for appropriateness and quality
- Develop sub-recipient grant agreements and monitor sub-recipient performance
- Develop inventory of grant opportunities
- Prepare grant application authorization legislation for Council approval
- Itemize grant compliance requirements
- Prepare grant progress reports
- Prepare grant budget amendments
- Administer Community Development Block Grant, HOME Block Grant, Emergency Shelter Grant, Department of Justice Block Grant, Homeland Security Grant, ICTEA Grant, Department of Agriculture Lunch and Child Care Grant, Housing Opportunities for Persons with AIDS Grant, and HOPE VI program
- Prepare the A-85 compliance plan for the Kentucky State Clearinghouse
- Assure compliance with Department of Housing and Urban Development environmental and prevailing wage requirements
- Administer Homeowner Rehab program
- Administer First-time Homebuyer program
- Provide housing quality standards inspection for relocation actions
- Provide annual code inspections for Community Housing Development Organization housing projects

- Provide annual housing quality standards inspections for Bluegrass Mental Health/Retardation residential units
- Administer Neighborhood Match Action Grant program
- Manage grant close-out activities
- Manage Single Audit process for grants
- Direct preparation of Consolidated Plan and document Continuum of Care effort

The Division of Community Development consists of 17 FTEs and has a budget of \$917,330 with 72% of that spent on salaries and benefits.

The division administers \$2.2 million in annual CDBG and \$1.4 million in annual HOME Block grants from the Federal Government. The Neighborhood Match Action Grant provides a maximum \$10,000 grant on a one-to-one match for projects sponsored by registered neighborhood organizations.

Most grants are not charged for indirect costs nor are indirect costs used as part of the matching requirement. The City has a policy in place that if a grant match is required, the applying agency must show the source of the match and it must be in cash. To date, the City has never had to return grant funds based upon adverse audit findings.

Grants Administration

One of the responsibilities of the Community Development Division is to review grant applications and make recommendations to the Mayor and Council regarding authorizing submission of the application. If a grant is approved, the Community Development Division also reviews all requested expenditures from grant funds for approval.

Currently the City has over 150 different grants from the State and Federal governments worth about \$80 million. The grants application and administration process is highly centralized. This centralization results in a bottleneck that slows down program operations and the timely payment of expenses. It is critically important for the Grants Administration to work closely with operating agencies and provide efficient customer service to the organization.

Recommendation G20: Prepare a grant administration manual that details the policies, practices and protocols for grants administration and operations and distribute to all appropriate personnel. The manual should clarify roles and responsibilities of the grants administration and operating agencies, as well as provide clear guidelines on timelines, etc.

Recommendation G21: Provide grants administration training to agency personnel.

The Community Development Division also administers entitlement grants including the Community Development Block Grant, the HOME program and the Emergency Shelter Grant program. However, phasing out the Division of Community Development will not end the responsibility for administering entitlement grants.

The City will receive the following entitlement funds in 2007:

- Community Development Block Grant - \$2,121,518
- HOME Grant - \$1,385,252
- Emergency Shelter Grant - \$91,800

Each of these grants is currently administered by staff of the Division of Community Development. Most funds are contracted to third party non-profit Community Housing Development Organizations (CHDO) for actual provision of service through sub-recipient agreements prepared and monitored by Community Development staff.

Homeowner Rehabilitation Program

The Homeowner Rehabilitation Program, using funds from the Community Development Block Grant, provides loans to homeowners below 80% of median area income. The program receives and reviews applications from homeowners in the target market and qualifies the applicants based on adopted loan underwriting policy and program regulations. Code enforcement inspectors staffing the program prepare a scope of work to be done to the home to bring it up to code, and inspect the work being done to ensure code compliance. Once work has been completed, loans are turned over to a servicing agent who is responsible for monthly collections and accounting for income.

The Homeowner Rehabilitation Program is managed and administered directly by staff of the Community Development Division. The division is essentially a staff agency, not a line agency. The Homeowner Rehabilitation Program is the only direct customer service program operated by the division. Program overhead expense is likely to be reduced by contracting applicant qualification services out to a community housing development organization.

In addition to providing applicant qualification services, division staff also do the code enforcement duties associated with the program. The code enforcement staff also provides housing inspection services for other housing programs provided under the auspices of federal and state grants and the work is essentially the same as code enforcement work carried out by the Code Enforcement Division of the Department of Public Safety. Overhead expense savings and operating efficiencies might be realized by transferring code enforcement positions from the Community Development Division to the Code Enforcement Division of the Department of Public Safety.

The Homeowner Rehabilitation Program currently contracts for loan servicing (collections, defaults, etc.) with a private vendor.

There is no real “problem” with the way the program operates currently; rather, there is an opportunity to realize economies of scale by outsourcing program operations, just as has been already done with the loan servicing aspect of the program. All of the functions of this division can be performed by other organizational units within the City such as the Code Enforcement Unit in Public Safety and the Accounting Division within the Finance Department.

Recommendation G22: Develop a request for proposal to outsource provision of the Homeowner Rehabilitation Program.

Recommendation G23: Select a third-party sub-recipient to operate the Homeowner Rehabilitation Program.

Recommendation G24: Transfer sub-recipient monitoring of the Homeowner Rehabilitation Program to the Finance Department Accounting Division. After the Department of Social Services has completed its community needs assessment, and depending on the results of that assessment, evaluate the benefits of transferring sub-recipient monitoring for the Homeowner Rehabilitation Program to that department.

Recommendation G25: Transfer code enforcement staff in the Community Development Division, along with their current responsibilities, to the Code Enforcement Division of the Public Safety Department.

Implementation of these recommendations will result in a potential reduction of program overhead costs and the elimination of three FTE positions that manage the applicant qualification and loan origination process.

The Community Development Division administers a Homeowner Rehabilitation Loan Program that provides low interest loans to low income homeowners. The Homeowner Rehabilitation Loan Program is similar to other such programs managed by municipalities and funded with federal block grants. Many agencies engaged in such programs have found that they can generate a higher volume of loans by selling loans to third party vendors such as Neighborhood Housing Service of America or Fannie Mae, rather than holding loans in a portfolio and using the interest earnings and loan repayments to generate additional loans. It is not uncommon for an agency to receive seventy cents on the dollar for performing loans. For example, if the program generates \$100,000 of loans and then sells those loans for seventy cents on the dollar, it would immediately have another \$70,000 of capital to lend again. Of that, if \$70,000 of new loans are then sold for seventy cents on the dollar, it

would have \$49,000 of additional loan capital for the Homeowner Rehabilitation Program. So, instead of making only \$100,000 in rehabilitation loans, the program would be able to make \$219,000 in rehabilitation loans. The cost would be giving up the interest earnings and loan repayments on the \$219,000 to the agency that purchased the loans. In addition, the program would not have to pay the loan servicing fee of \$102 per account per year to its private loan servicer, making additional funds available for rehabilitation loans.

Recommendation G26: Contact Neighborhood Housing Services of America and Fannie Mae to investigate the potential for selling homeowner rehabilitation loans. The Homeowner Rehabilitation Loan Program has a backlog of applicants each year, indicating that there is more demand than there is money to lend. Implementing this recommendation would increase the volume of loans that could be generated each year for use by Lexington's residents.

Division of Human Resources

The Division of Human Resources provides personnel and benefits administration for the City and has the following primary responsibilities:

- Hiring of employees
- Collective bargaining
- Training and development
- Employee relations
- Listing current position openings
- Benefits administration
- Administering health and life insurance
- Awards program
- Classification
- Compensation
- Uniform discipline policy
- Payroll and records
- Student internships
- Administering civil service programs established by the government's charter

The Division of Human Resources consists of 36.5 FTEs and has a budget of \$3,297,750 with 76% of that spent on salaries and benefits.

The following findings and recommendations apply to the Human Resources function.

The Hiring Process

Throughout this review, the sluggish hiring process was universally criticized by management and employees in both focus groups and the employee survey.

The Code of Ordinances and the Kentucky Revised Statutes (KRS) direct how some of the HR process flows (requisition and certification, recruitment, employee qualifications, applications, examinations, eligibility lists and appointments) and require many different levels of approval. In addition to the Code and KRS requirements, policies and procedures internal to the Division of Human Resources contribute to a culture of control and poor service to departments who are in fact customers of Human Resources. Human Resources must focus on the duties and responsibilities it carries out with an attitude of service and helpfulness rather than control to facilitate better relations with the organization.

Recommendation G27: Develop customer service standards and provide customer service training to Human Resources staff.

Management Partners prepared a process map of the Hiring Process (included as Attachment G-3) that established cycle times whenever possible for the completion of the steps in the process. This process map was then verified by the City's Human Resources Division staff. When added, the cycle times listed fall within the range of 4-6 months for completion of the hiring process, from notification of vacancy until the new hire begins work, an unacceptable length of time for such a process. Based on our review of the hiring process, several opportunities for improvement were noted.

An Attrition Committee was created as an adjunct to a former hiring freeze to evaluate the necessity of filling vacant positions. All requests to fill a vacant position are reviewed by the Attrition Committee. An Attrition Committee review adds a minimum of two weeks to the process. Even if the Attrition Committee approves filling a vacant position, an additional review is conducted by the Mayor. What may be more problematic is that if the Attrition Committee does not approve filling a vacancy, the Mayor's Office may be unaware of this fact and there could be an undesirable impact on a priority program. The most effective policy for filling positions is to utilize the budget process to designate positions that should not be filled if they become vacant and to permit any such non-designated positions to be filled following the normal review by the Mayor's Office. The Attrition Committee is an unnecessary anachronism.

Recommendation G28: Eliminate the Attrition Committee.

When a new position is authorized, or when job duties are changed for an existing vacant position or an existing position is reclassified, the

department or division with that position must complete a Position Analysis Questionnaire (PAQ). The current questionnaire is cumbersome, time-intensive and challenging for users to complete. Focus group participants noted this issue. The Lexington Human Resources Division has reported that they are currently making changes to the PAQ to make it more user friendly.

Recommendation G29: Test the first draft of the revised position analysis questionnaire on a selected group of users to determine if it is indeed user friendly before implementing it on a government-wide basis.

The International Public Management Association for Human Resources benchmarking survey indicates that jurisdictions the size of Lexington take an average of three months to fill a vacant position – approximately one-half the City’s time. Given the tight labor market and competitive nature required by employers to quickly “capture” the highest quality employees before they go elsewhere, the City needs to streamline its hiring process.

Recommendation G30: Revise the hiring process in such a way that the cycle time to fill vacant positions is two months. Management Partners prepared a process map for the current hiring process (included as Attachment G-3) and has identified a number of steps that could be modified in order to reduce the cycle time to fill a vacant position. Eliminating the Attrition Committee as recommended earlier would reduce cycle time by two to four weeks. Additional modifications that would reduce the cycle time are explained in the next two recommendations.

The current process requires that the Council approve each new hire by name. This step adds no value to the process since approval is routine. Requiring Council approval adds a minimum of two weeks to the hiring process. When adopting the operating budget, the Council authorizes the number of positions to be filled in each division. Approving the number of positions is the critical authorizing action, not approving the specific person to fill the authorized position.

Recommendation G31: Eliminate the requirement for the Council to approve all new hires. This would save a minimum of two weeks in the hiring process cycle time.

The process map indicated that preparation of interview questions occurs sequentially following Civil Service approval of the eligibility list. While approving interview questions provides an opportunity to prevent legal difficulties with the selection process, it can also be seen by the organization as an example of Human Resources exhibiting undue control over the process. The review of questions should be done with an

attitude of service and the questions shared with hiring managers in advance of the process. With respect to process improvement, overall process cycle time would be improved if the interview questions were prepared and approved simultaneously to the initial testing process. This is likely to save a minimum of two weeks in the hiring process cycle time.

Recommendation G32: Prepare and approve interview questions simultaneously with the initial testing process.

Lexington's legislative body must approve all personnel actions, such as hiring or promoting specific persons, by ordinance. This requirement is embodied in various ordinances that have been previously adopted. This is not a best practice for legislative bodies since such personnel actions are typically routine in nature and can be handled administratively rather than by legislation. Repealing or amending the ordinances requiring legislative approval of routine personnel actions would free up time for the legislative body to focus on other issues of higher import. In addition, the administrative time currently consumed preparing cover reports and legislation for the Council agenda would be eliminated, freeing up staff time for more important matters.

Recommendation G33: Repeal the requirement for legislative approval of routine personnel actions.

By eliminating the Attrition Committee and the unnecessary step of redundant Council approval, and preparing interview questions simultaneous to test questions, the cycle time for filling vacant positions could be reduced by six to eight weeks. A recommended process map for the hiring process has been included as Attachment G-4.

Civil Service

The effective management of the personnel of Lexington cannot be implemented under the current legislative framework. Limited flexibility in the existing system makes it difficult to address the changing needs of the City in a rapid-paced technological era. Our review has uncovered processes mandated by existing legislation that are cumbersome, unresponsive to administrative needs and timing, and not reflective of best practices in personnel systems of local governments. In fact, the Civil Service System that governs the personnel process in Lexington is by far the most onerous Management Partners has experienced.

The City's Civil Service System is governed by the Kentucky Revised Statutes, the Lexington Charter, and ordinances. Many of the statutory and charter provisions date from the early 1970s and reflect the needs and processes of local governments of that time.

Chapter 67A of the Kentucky Revised Statutes sets forth the provisions that govern merged city/county governments. The Lexington Charter, including the state imposed civil service provisions (KRS 67A.210 -

67A.350), was adopted as the comprehensive plan for the 1974 merger of the City and County by a vote of the people and ordinances were enacted to implement the comprehensive plan.

In 1987, the legislature exempted all other merged governments under this statutory scheme from most of the civil service provisions of 67A, leaving Lexington as the only entity in the state of Kentucky subject to these statutes by virtue of both state statute and the Lexington Charter.

The Lexington Charter provides in Section 14.05 that the Charter may be amended in a manner provided by general law for amending the charters of urban county governments generally. The Charter further provides that except as provided by the Charter, the Council shall have the power to establish, delegate and otherwise provide for the operation and administration of all policies pertaining to the employment, compensation and fringe benefits of all employees of the merged government.

Heads of departments or executive units except the chief administrative officer and executive department commissioners are included in the classified civil service by definition.

Division directors and assistant division directors (such as the planning director and parks and recreation director) exercise substantial amounts of discretion and management authority. Hiring and retention procedures for these positions would be strengthened if the system would include additional hiring factors such as previous performance, accomplishments, relevant experience, peer interview and assessment, and references for a designated group of “executive service.”

The Human Resources department, as an executive unit of the City, is charged with personnel matters, with all decisions of the unit subject to change and control by the Civil Service Commission. KRS states that the principle is that personnel policy should in the first instance be determined by professional and trained personnel experts, but subject to the control of the Commission. Lexington is further required to operate under the state mandated Civil Service Commission which conducts examinations and makes and enforces culture-fair rules not inconsistent with the KRS provisions or government plan.

According to modern human resources principles, accountability for hiring more appropriately rests at the executive level with the chief executive officer (CEO) and HR director responsible for ensuring that appropriate hiring practices are designed and implemented. Examples of this are found in newer cities where the principles of merit and fitness, competitive processes and evaluation of candidates skills are set forth in locally legislated personnel policies administered by the executive personnel department. The systems have structured classifications, salary resolutions, appeals examinations and appointments based on qualifications, but do not always follow the formal Civil Service Commission structure. Adoption of a system to better meet hiring needs

is inappropriately and rigidly constrained by the current statutory structure.

The Civil Service Commission prescribes examinations when there are vacant positions within the various departments and maintains an eligible list of not less than five for each position.

The current system is reactive to actual vacancies rather than anticipatory of likely turnover in certain classifications. Not starting the hiring process until a vacancy actually occurs delays the process. Qualified pools of candidates identified by periodic testing should be established so that hiring needs are met promptly. Minimum numbers on an eligible list may not be appropriate in positions requiring a specific expertise and may delay filling of essential skilled positions. Indeed, most jurisdictions identify hard to recruit classifications which are placed on continuous testing, with successful applicants integrated into the existing eligible list for that classification based on their exam score.

The current requirement that an eligible list contain five persons precludes filling a position permanently even if there are several qualified applicants. This imposes extra cost on the city, reduces the City's ability to provide funded services, and renders the City less competitive in the labor market, without *any* offsetting gain.

Appointments can generally be made only from the list of applicants certified by the Civil Service Commission after examination by the selection of one of the five persons holding the highest averages in the particular class and grade where the vacancy exists. Temporary appointments must be made until five can be certified to the list. Seniority must be given material consideration in filling vacancies under a plan designed by the merged government and thereafter any changes to the plan are reviewable by the Circuit Court for reasonableness.

The rule of five limits the pool of qualified candidates from which to appoint and is entirely based on the highest grades on a general test score for a classification without reference to other skill sets which may be valuable for the position being filled. A pool of 10 would allow more options while retaining the integrity of the system. Reviewability of reasonableness of seniority provisions by a court shifts the authority to determine appropriate personnel practices from the legislative authority to the judicial system and is the antithesis of a best practice.

The discipline process is based on individuals or appointing authorities preferring charges against an employee and providing a mandatory hearing before the Civil Service Commission. The Civil Service Commission may punish any employee found guilty of inefficiency, misconduct, insubordination, or violation of law involving moral turpitude, but no employee may be reprimanded, removed, suspended, or dismissed except as provided in the statute. In accordance with the City's plan, an employee may be suspended by the head of the executive unit in

which he is employed or by the appointing authority for a period not exceeding 30 days in any twelve month period, and may be reprimanded by such head or authority not more than twice in any 12 months. All discipline, including suspensions and reprimands may be appealed to the Civil Service Commission and to the Circuit Court.

The civil service hearing process system is set up to handle serious charges against employees, but does not address progressive minor discipline and remedies to allow management to address employee performance and accountability. Department heads are limited to two reprimands per year, regardless of the severity of the actions of the employee.

When the number of employees and their classification has been fixed by ordinance, no employee can be dismissed, suspended or reduced in grade or pay for any reason except those listed in the statute. The legislative body may abolish an office or position and any officer or employee occupying that position may be laid off or suspended until and if such office or position is re-created or reestablished. An employee has a right to appeal the abolition of a position to the Circuit Court which can recreate the position.

The ability of the City to provide an administrative structure and create and abolish positions to meet changing needs is hampered by the state provisions which limit the ability of the Council to redesign the administration and which permit judicial intervention in legislative decisions concerning the operation of the government.

Recommendation G34: Modify the underlying statutory authority for the City's civil service system to provide a modern civil service system based on merit and fitness. Such a system should be adaptable to changing local personnel needs and design an organizational structure to implement such system.

Legislative changes to accomplish necessary reforms may include the amendment of 67A of the Kentucky Revised Statutes, amendment of the Lexington Charter, and the amendment of the Code of Ordinances or adoption of rules to provide a mechanism for adjusting personnel details from time to time as necessary to maintain a modern personnel system while adhering to the core principals of civil service merit.

When Lexington-Fayette Urban County Government was created in the 1970s, the adopted charter provided for using the merit system for employment as set out in the Kentucky Revised Statutes. KRS requirements are more restrictive than can be adopted by charter governments (there are only two in Kentucky – Lexington and Louisville). To date, Lexington ordinances parallel KRS requirements for civil service.

Current KRS and Lexington civil service provisions require all positions below commissioner level to be appointed using the civil service system.

Certain senior management positions in Lexington, such as division directors and assistant division directors, are filled using the classified civil service system. This method is time consuming and requires conformance to a process that does not consistently produce the best results for recruitment, selection and retention of senior managers.

The Federal Government, which uses the merit system extensively to fill positions, has for years used a bifurcated process which distinguishes between positions that carry out policy and positions that develop and influence policy. Higher grade positions in the Federal Government come under the jurisdiction of the Senior Executive Service. The process and requirements for filling positions in the Senior Executive Service differs markedly from positions in the mainstream service. The objective of this distinction is to give Federal agencies significant latitude in recruitment of the best possible candidates into leadership positions.

There are in fact true differences between mainstream positions and positions of organizational leadership. Mainstream positions demand technical competency, dependability, and an attitude of customer service. Executive positions require skill sets for leadership, judgment, vision and strategy. The differences in skill sets being sought demands differences in recruitment, screening, hiring and retention protocols for either type of position.

Most division director and assistant division director positions in Lexington exercise command over significant personnel and monetary resources. The ability of these positions to influence the direction and quality of services provided is significant. The qualities of leadership, judgment, vision and strategy are preeminent needs for selection and retention of persons to fill senior management positions. An organization can survive and indeed, with strong leadership thrive, if it has some below average performance from mainstream personnel. However, an organization with poor leadership will fail despite the best efforts of rank and file employees.

The current structure of the civil service system in Lexington connotes a "one size fits all" type of approach for every position in the classified service, including division directors and assistant division directors. That connotation serves to encumber the LFUCG in recruiting, hiring and retaining the best and brightest of the regional or national labor pool for leadership positions within the government. Distinguishing between leadership positions and rank and file positions when it comes to recruitment, hiring and retention would enhance the ability to compete for top level talent for senior management positions. Creating an executive level system, as distinguished from the rank and file civil service system, would institute and reinforce the value of competing for top level executive talent on a broad basis.

Commissioners under current civil service requirements are not included as full participants in the recruitment, selection and retention of division directors and assistant division directors. For example, the Finance Commissioner was not permitted to have input into the “testing” plan for the Director of the Accounting Division. Furthermore, the rule of five that applies to all civil service appointments prevented the Finance Commissioner from interviewing anyone other than the first five candidates on the civil service list. This perverse effect of the current civil service system substantially undermines the creation of an effective professional management team and subsequent performance accountability.

Recommendation G35: Create an Executive Service System for division directors, assistant division directors and other senior management positions as designated by ordinance, separate from the classified civil service system.

The Mercer System

There is concern among supervisors and employees regarding employee salary ranges and benefits. The Mercer International Position Evaluation (IPE) System was implemented as a replacement for the former STEP System and evaluates pay ranges based on a numerical matrix. Unfortunately, the Mercer IPE System was never properly implemented and has not functioned as originally intended due to a lack of funding for related merit increases. The system was also intended to track performance and provide for merit-based pay increases but this was never accomplished.

The matrix used to determine pay increases and/or initial pay ranges is not realistic, rewarding those with many years of experience with higher pay and giving those with less experience but greater expertise/qualification a lower amount of pay; in short, pay is related more to seniority than performance. Two years ago, the City adopted the “World at Work” index to guide wage adjustment decisions. The inception of labor agreements in the last year will further limit the applicability of the Mercer IPE System.

The City needs to take action to create a compensation and benefits system that is based on a model of total compensation. Total compensation typically includes the complete package provided employees such as base pay and the value of the benefit package.

Recommendation G36: Arrange for a market study based on total compensation and working environment factors, such as work schedule, to determine Lexington’s competitive position in the regional labor market for its job types.

CAO Policy 17 establishes a committee to apply the criteria of the Mercer IPE System to issues of job classification and relative compensation. Data from employee focus groups and the employee survey indicates that the committee is a significant negative morale issue. Committee deliberations are described as mysterious and decisions are said to lack support of the general employee population. Management Partners review of the application of the Mercer IPE System through the use of the committee indicates that decision making is neither transparent nor consistent. Application of the Mercer IPE System is a complex undertaking that is better executed by trained professionals. Eliminating the Mercer Committee and designating trained Human Resources Division staff to apply the system criteria is preferable to the current committee process.

Recommendation G37: Eliminate the Mercer Committee. The current reclassification review process would be replaced by the process described below.

All requests for reclassifications deserve review. A good process for establishing the basis for such a review includes the following steps:

- The person requesting the reclassification must complete a profile of duties that includes:
 - An enumeration of all tasks performed with data on the estimated weekly volume of each task and the amount of time weekly consumed by each task,
 - How each task is assigned and what happens to the completed work;
 - What it is about tasks assigned that is inconsistent with the current job class based on the job description;
 - What job class is more appropriate for the tasks performed and why that job class is more appropriate based on the job description of that class;
- The employee's supervisor must sign the reclassification request indicating agreement with the information provided and agreement that a reclassification as requested is appropriate.
- The request must be endorsed by the division directors and department commissioners.
- HR makes a prima facie determination as to whether the tasks being performed are not appropriate for the current classification;
 - If tasks are appropriate, reclassification denied, employee and supervisor informed;
 - If tasks not appropriate, unannounced desk audit performed by HR
 - Unannounced desk audit results analyzed by HR
 - If reclassification not justified by desk audit, employee and supervisor informed as to outcome and reasons by HR
 - If reclassification justified by desk audit, appropriate job class determined based on comparison to job descriptions by HR

Candidate Testing and Evaluation

As noted elsewhere in this report, filling a vacant position currently takes four to six months, which is twice as long as that of International Personnel Management Association for Human Resources (IPMA-HR) benchmark cities.

One way in which the process can be shortened is to plan ahead for testing and evaluation of positions that will be vacated in the near future. Currently, testing and evaluation plans are determined when a vacancy occurs, adding additional and unnecessary time to the hiring process.

Recommendation G38: Analyze historic turnover patterns to predict the positions in which turnover is most likely to occur.

Recommendation G39: Implement a turnover assessment plan as an element of the recommended biennial budget process.

Recommendation G40: Analyze historic experience and department turnover projections to develop a testing plan and schedule.

Employee Training

The Human Resources Division provides training opportunities for City employees in a wide variety of areas. Overall, employees commented that the training sessions are very good but that they could be a bit more focused on the needs of employees.

City-wide, employees who responded to the Management Partners survey gave an average score of 2.96 in response to the statement, “I receive the training I need to do my job.” This is based on a scale from 1 (“strongly agree”) to 4 (“strongly disagree”). In five separate departments, the average rating in response to this question was a 3 or above, meaning the majority of respondents disagreed. Clearly there is a desire for additional training.

During focus group discussions and individual interviews, employees mentioned that not all training classes offered to employees are well liked or utilized to their full potential.

Recommendation G41: Include a training needs survey as part of the biennial budget preparation process. Such a survey, implemented early in the budgeting process, would indicate which training should be programmed for the next year and would provide constructive criticism for continuous improvement of existing training programs.

During focus group discussions and individual interviews for this review, employees frequently expressed a negative opinion of the Human Resources Division and the services they provide to their internal customers.

The Human Resources Division sections have historically functioned in “silos,” with little coordination between the different sections. This situation has led to confusion on the part of its customers about their processes and procedures. To further complicate matters, the Human Resources Division is in the process of a re-organization.

The Human Resources Division should determine what its customers want and then provide that service to the best of its ability, while always looking for ways to continually improve over time.

Recommendation G42: Develop and administer an internal customer satisfaction survey. The survey results should be reported to the Mayor prior to the commencement of the biennial budget preparation process and any proposed changes programmed into the budget.

Use of Technology

During focus group discussions and interviews for this review, employees repeatedly remarked on the fact that the City’s internal intranet is under-utilized. Information, forms and procedures could be placed on the intranet as a service to internal customers and the City could move to a “self service” model by which employees can make changes to their benefits choices themselves online. External customers/job candidates do not have the ability to access and complete employment applications over the Internet online as is commonly practiced in many other jurisdictions nationwide.

Recommendation G43: Develop a technology plan for Human Resources services that increases use of the internal intranet and the external Internet.

Conclusion

The Finance and Administration Department can improve internal operations by streamlining its organizational structure to streamline middle management and by decentralizing some previously centralized functions such as grant approval and administration. Customer service will be enhanced by implementing revised budgetary and purchasing policies, shortening the time to fill vacant positions, and improving testing of new candidates to ensure that new hires are of high quality.

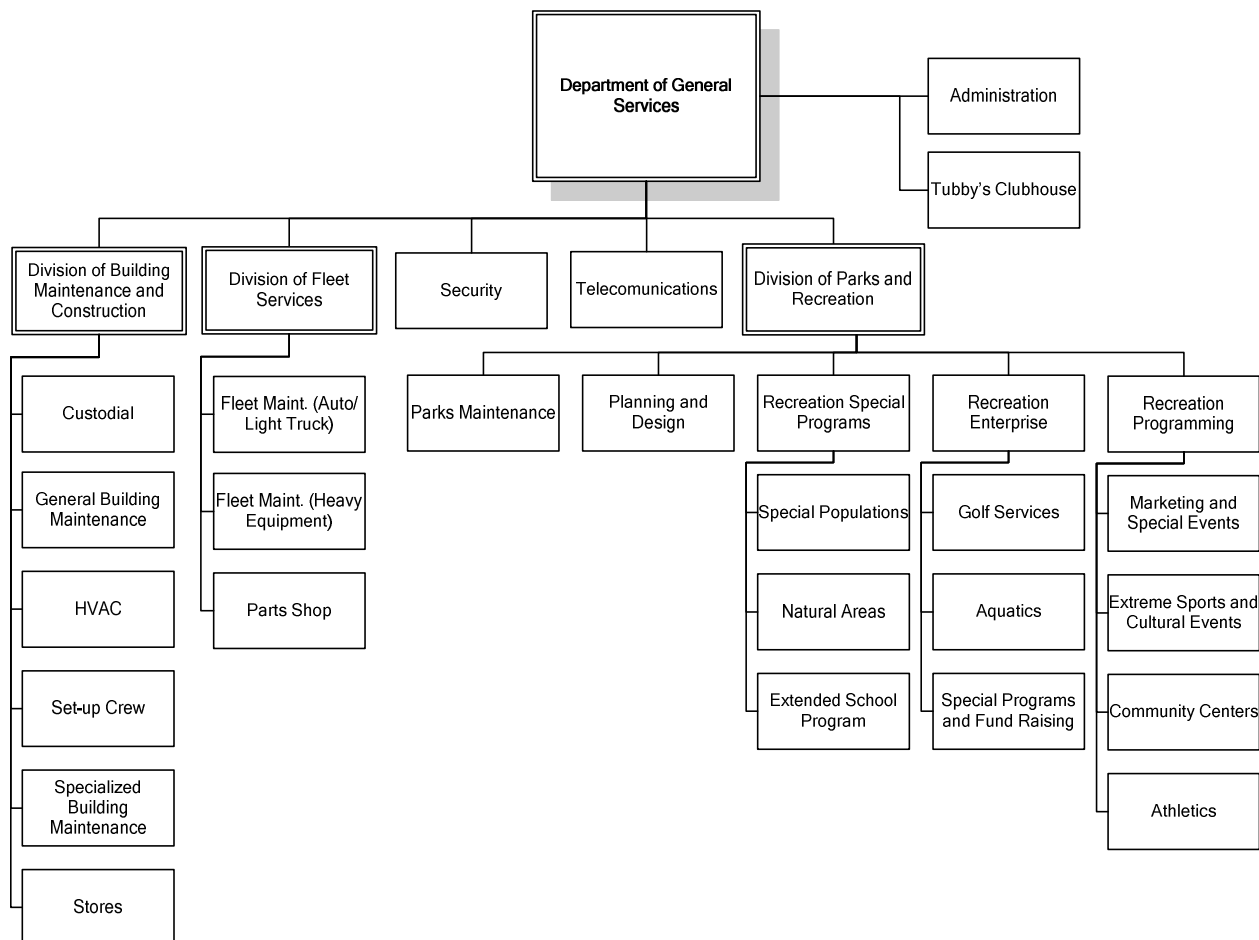
H. DEPARTMENT OF GENERAL SERVICES

The Department of General Services provides park and recreation, building maintenance, and fleet services. The Department is managed by the General Services Commissioner who is appointed by the Mayor. The department has 318.5 FTEs working in three divisions supported by the Commissioner's Office:

- Parks and Recreation
- Building Maintenance and Construction
- Fleet Services

Figure H1 below shows the Department's current organizational structure.

FIGURE H1: DEPARTMENT OF GENERAL SERVICES ORGANIZATIONAL STRUCTURE



The department has a total FY08 budget of \$38.8 million, 59% of which is salary and benefits and includes \$22.8 million for salaries and benefits, \$10.3 million in operating expenses, \$374,230 of net transfers to other funds, and \$6.2 million in capital expenses.

Management Partners offers the following recommendations for the Department of General Services.

Commissioner's Office

The Commissioner's Office within General Services is responsible for the following City-wide needs:

- Telecommunications
- Parking
- Security
- Tubby's Clubhouse

The division consists of 29 FTEs and has total FY08 budget of \$3.5 million, including \$1.99 million in salaries and benefits, \$1.5 million in operating expenses, and \$9,200 in capital expenses. Salaries and benefits comprise 57% of the total budget.

The following findings and recommendations apply to the Commissioner's Office.

Organizational Structure

The Department's organizational structure can be streamlined to reduce direct reports and improve operations. The current organizational structure has evolved over time with no real relationship to the mission and responsibilities of General Services. General Services has tended to be an office that was assigned positions and functions if they did not seem to "fit" in other departments.

The department has no strategic or business plan in place on which to base the organizational structure. The current organization chart appears to be the result of the evolution of special projects and individual positions assigned to the commissioner's office based on convenience rather than function. Recent organization charts for the Commissioner's Office have shown 13 direct reports to the Commissioner. Administrative Officers assigned to the office have served as "special projects managers" and appear to operate independently of one another and focus on their own projects. Currently, there are two administrative officer vacancies in the office which provide an opportunity for restructuring.

There is a need to reduce the direct reports to the commissioner to allow her to focus on her key leadership and management responsibilities such as communication and collaboration with the Mayor's Office, organizational leadership, and community relations. These key responsibilities require most of her time and leave virtually no time for planning, management and evaluation of the General Services operation.

Recommendation H1: Restructure the Commissioner's Office.

The recommended reorganization as shown in the organization chart below would reduce the direct reports to the Commissioner from 13 to three and result in the following changes and reassignments:

- Transfer an administrative officer to the property management function of the new Facilities Management and Fleet Division recommended elsewhere in this report.
- Transfer the program supervisor to Parks and Recreation along with the Tubby's Clubhouse program.
- Transfer telecommunications support to Office of the Chief Informational Officer Computer Services Division.
- Transfer the security supervisor to the property management function of the new Facilities and Fleet Management Division.

- Reclassify one of the two vacant administrative officer positions to Deputy Commissioner to serve as the operations manager for the department and be responsible for planning, managing and evaluating the work of staff in the Commissioner's Office.

Figure H2 below shows the current organization chart for General Services Administration.

The proposed reorganization of the Commissioner's Office (shown in Figure H3 below) would increase costs by approximately \$15,000 annually but will improve productivity and effectiveness by decreasing direct reports to the Commissioner and improving strategic planning, management and evaluation.

FIGURE H2: GENERAL SERVICES ADMINISTRATION CURRENT ORGANIZATION STRUCTURE

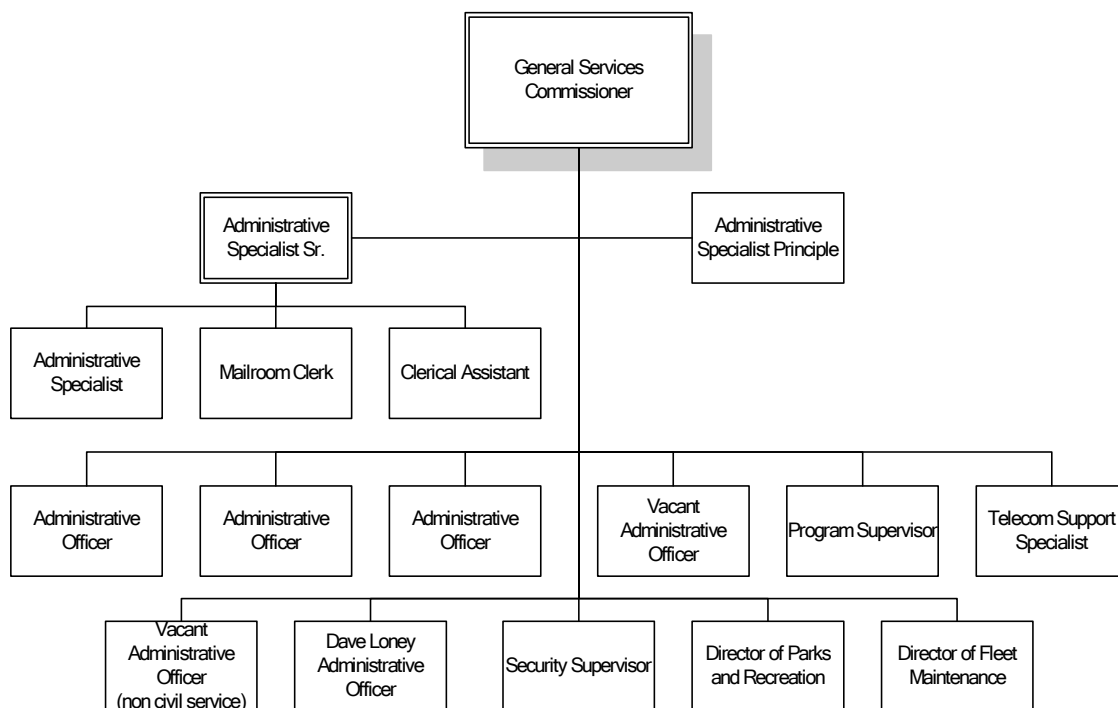


FIGURE H3: PROPOSED GENERAL SERVICES ORGANIZATION STRUCTURE

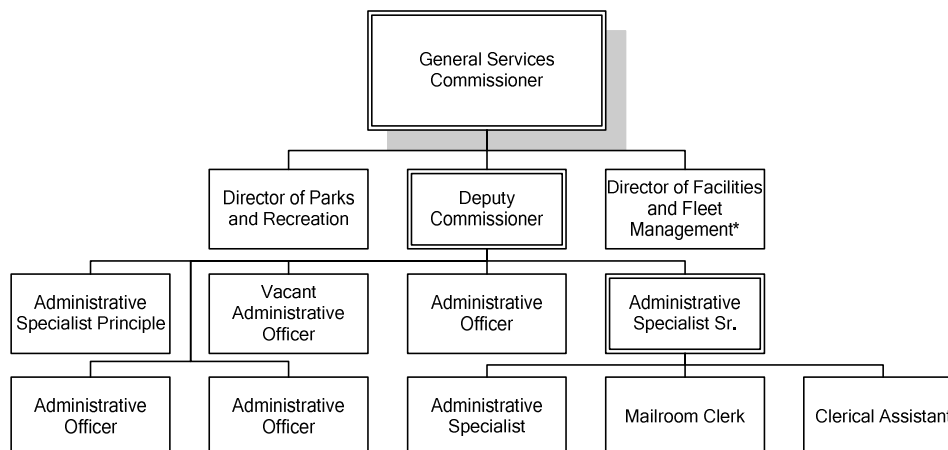


Table H1 shows the position changes and the associated costs or savings that are recommended for the General Services Department.

TABLE H1: POSITION CHANGES ASSOCIATED WITH RECOMMENDATIONS FOR THE DEPARTMENT OF GENERAL SERVICES

Department of General Services Commissioner's Office				
Position	Action	FY 2008 Salary	Benefit Rate	Total
Program Supervisor - Tubby's Clubhouse	*Transferred Out/Recreation	\$58,411	23.80%	\$72,312
Telecom Support Specialist	*Transferred Out/CIO	\$50,352	23.80%	\$62,335
Administrative Officer - Parking	*Transferred Out/Facilities	\$73,666	23.80%	\$91,198
Administrative Officer	*Transferred Out/Facilities	\$73,666	23.80%	\$91,198
Deputy Commissioner	**Created	\$90,284	23.80%	\$111,771
Total Savings			23.80%	(\$111,771)
* Because these position were transferred out of the division, government-wide cost savings are not experienced				
** The salary of the Deputy Commissioner position that is being recommended was estimated calculating the average FY 2008 salary for Department Commissioners throughout the City of Lexington				

Security Services

The Commissioner's Office manages the provision of 24 hour, 7 days per week security for 23 City buildings and two parking garages. This security operation is staffed by 17 full-time civil service employees and two part-time employees and has an annual budget of approximately \$880,000.

Security officers are assigned to check specific locations or posts on a routine basis. Currently there is no automated system to track coverage of posts by security officers. As a result, the supervisor lacks information regarding security officer schedules and productivity. Specific and detailed information about security officer rounds provides workload and

productivity information and can also help identify the time actual security incidents have occurred.

Recommendation H2: Purchase and install a security wand system. Such a system is estimated to cost \$4,000 and includes a data gathering “chip” at strategic locations in buildings and parking garages. The security officer passes his or her identification information through the receptor as s/he completes rounds. Such a system provides information regarding time and location of security coverage and allows modification of the patrol schedules and locations based upon actual security incidents and coverage. This recommendation applies to both an in-house and contracted security operation.

Building Maintenance and Construction

The Division of Building Maintenance and Construction maintains the City’s primary buildings and is responsible for renovation and partial maintenance.

The Division consists of 54.5 FTEs and has a total FY08 budget of \$5.4 million, with salaries and benefits comprising 63% of total expenditures.

Asset Management

Based on field research, no single organizational unit is responsible for managing the facilities held by the City. Given the size of the City’s assets, this presents an opportunity for economies of scale. The City acts as lessee for 15 buildings, leasing agent for another 54, and owns outright between 544 and 574 structures that require regular and scheduled maintenance.

The maintenance responsibility for these facilities has been subdivided into three separate departments, Building Maintenance in General Services, Parks and Recreation, and Fire; the approach to building maintenance varies among them. For example, Building Maintenance cleans three buildings (Annex, Government Center, and Police) while contracting out 29 other buildings; on the other hand, the Fire Division has elected to keep all janitorial functions in-house, utilizing sworn officers to clean its facilities.

It is unknown how much total square footage is maintained by the City. There are more than five different real property and facilities lists maintained by the government, none of which are complete. Depending on which list is consulted, Fire Station 14 is located at either 1528 or 1530 Roanoke Rd. Similar addressing questions exist with other buildings as well.

There is no mandated purchasing process for equipment that could lead to standardization of parts and tools, and there are multiple contractors in place. There is no building reserve fund for routine major maintenance and renovation of buildings and facilities, and no cost allocation system to assign the cost of buildings and facilities to their users.

An asset management program will include information about each separate property including infrastructure improvements, costs, rental rates, etc. It will link to the facilities maintenance database that will track and schedule major maintenance requirements (e.g., roof replacements) for estimating capital improvement needs. These inventories, combined with long-range projections of space and facility needs for City programs, will allow facilities management managers to effectively utilize current assets and plan for acquisition or disposition of assets as appropriate.

Asset management, the process of monitoring the inventory and leasing of these investments, can and should be considered as a cost reduction strategy. Lexington should develop a comprehensive asset management program, identify market rental rates and subsidies, and sell unneeded and under-performing properties.

Advanced asset management programs have been implemented in cities as a best practice to minimize the total cost of acquiring, operating, and maintaining infrastructure assets. The advanced programs centralize the total life-cycle costs of infrastructure. For example, the City of Charlotte, North Carolina examined 1,100 city-owned properties and identified 162 surplus and marketable properties. The City sold 125 of these properties for \$15 million in the late 1990s.

Over the long term, an asset management program should integrate with maintenance and replacement schedules for the development of long-range capital improvement program funding needs. The identification of surplus, unneeded properties that can be sold will result in one-time revenues and a reduction in ongoing maintenance costs.

Market rate rents should be calculated and updated periodically for all City properties that are rented or leased. Properties rented or provided to community organizations, non-profits, and for economic development purposes should also identify the market rental rates as well as and the level of subsidy. The subsidies should then be supported by the appropriate program and funding source. This will identify the true costs of such programs, properly charge those programs, and provide relief to the General Fund.

The implementation of a formalized asset management program can result in the following savings and revenues:

- Revenues from the immediate sale of surplus properties
- Maintenance cost savings on sold properties
- Revenues from the sale of additional surplus properties after a thorough review of all properties

- Shift of rental/lease subsidies from the General Fund to various program funds
- Overall management of subsidies

Charging programs for rental subsidies will increase the costs of those programs, but will identify the true costs and will accrue savings to the General Fund.

The City of Lexington owns between 544 and 574 buildings. Estimates of specific revenues and cost savings relevant to Lexington cannot be made until a thorough review of the City's infrastructure assets has been made. Conservatively, if even 1% of those buildings are deemed surplus and put up for sale, the sale of five or more facilities can result in substantial new revenues, not to mention the elimination of future ongoing maintenance costs. Creation of the new division will require additional resources, however considering the significant value of the facilities owned by the City and the opportunities for savings the new expenditures will be offset in a short payback period.

Facilities Management

There are six general categories of best practice in Facilities Management:

1. Inventory building components and assess their conditions annually or more frequently if necessary.
2. Develop and maintain an objective process for setting priorities among maintenance projects.
3. Complete and maintain as current a strategic plan both for long- and short-term maintenance priorities, including a funding plan.
4. Operate a structured preventative maintenance program.
5. Utilize technology and tools.
6. Provide training and staff development.

Specific indicators exist for each of these six categories and the City's status in implementing them is detailed in Attachment H-1 to this report.

During the course of additional research in Facility Management best practices, a pattern of fundamental and specific practices and structures that high performing municipalities routinely utilize was identified.

All best practice communities surveyed had the building maintenance function within the Building/Facilities Management Department. This function can have a variety of responsibilities. In King County, Washington, the maintenance function comprises all custodial, construction, storage, electrical work, as well as asbestos abatement. This is very similar to the Building Maintenance Division in the City of Lexington, while in Austin, Texas the Maintenance Division contains all skilled trades improvements except electrical and equipment work. The functions that are universally included are the constructions trades such as carpentry for minor repairs, plumbing, and painting.

Part of the research and analysis completed for this review identified relevant best practices that should be considered in Lexington.

Custodial Services

In some communities like King County, Washington and Lexington, this function is a part of the Building Maintenance. In Phoenix it is a separate function of facilities management. This typically consists of housekeeping duties, scheduled and as needed re-lamping, furniture moving, setting up for events, breaking down events, and stocking materials (soap, paper towels, toilet paper, etc.)

Contract Management

The City of Phoenix, Arizona and King County, Washington both have dedicated staff to manage contracts for services that range from pest control, carpet cleaning, waste removal, window cleaning, and general custodial services.

Building Operations

Often, this is referred to as Plant Maintenance and is included in the Building Maintenance function. This includes electrical work, equipment maintenance, and HVAC repairs. The City of Phoenix has a separate Operations section.

Capital Projects Management

King County, Washington and the cities of Long Beach and Phoenix all have staff and resources dedicated to the capital planning for municipal facilities. These divisions are responsible for permit acquisition, design specification, and bidding of the project. This division will also manage the contracts of the capital project construction.

Facilities Planning

This is often combined with the Capital Projects Management function, as is the case with King County, Phoenix, and Long Beach but can also be a stand alone function, like in Austin, Texas. Facilities planning generally handles requests regarding space planning and tracking, remodeling, systems furniture purchases and installation, small construction projects, roof replacements, construction plan reviews and project consulting services. They also work closely with capital improvement projects related to building maintenance and assist departments with implementation of their long-term facility plans.

The implementation of these and other best practices and structures would be prohibitively difficult due to the disparate structure of the current facilities management functions within Lexington. With the creation of a Facilities and Fleet Management Division, Lexington will be able to effectively implement these and other best practices that are identified within Attachment H-1.

Recommendation H3: Create a new Facilities and Fleet Management Division that consolidates decentralized facilities management functions for the government.

This new unit will be responsible for the planning, management, asset management, and maintenance for all Lexington property, buildings, vehicles and equipment. Current functions to be consolidated into this new division should be: the Building Maintenance and Construction Division in General Services, fleet services, parking garages, building security, fire building maintenance responsibilities, as well as the Parks and Recreation building maintenance responsibilities.

Because this division will be taking responsibility for functions and tasks not currently being done, it is highly likely that new positions - in addition to the specific positions highlighted in Table H2 - and resources will be required.

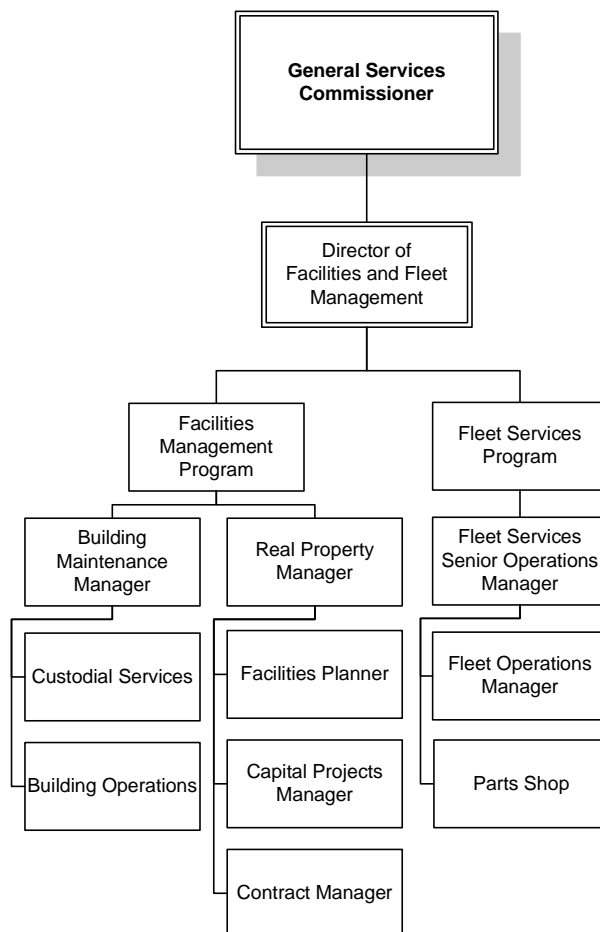
To create a complete staffing plan for the new division the City will be required to assemble workload data that is currently not available. This includes number of buildings and square footage the city owns or leases, condition reports on all of the facilities, work order requests and other current workload statistics. These and other data will allow staff to develop a staffing and contracting plan for the new division. The position transferred to this new division, as well as the program management positions or contracts that will be required in the asset management function are as follows in Table H2.

TABLE H2: POSITION CHANGES ASSOCIATED WITH RECOMMENDATIONS FOR THE FACILITIES MANAGEMENT DIVISION

Facilities Management Division (new)				
Position	Action	FY 2008 Salary	Benefit Rate	Total
17 Positions from the Security Program	*Transferred In	\$514,041	23.80%	\$636,382.76
24 positions from Parks Operations	*Transferred In	\$669,769	23.80%	\$829,174.02
Administrative Officer - Parking	*Transferred In	\$73,666	23.80%	\$91,198.51
Administrative Officer	*Transferred In	\$73,667	23.80%	\$91,199.51
3 positions from Fire	*Transferred In	\$199,805	23.80%	\$247,358.59
Facilities and Fleet Management Director	**Created	\$90,000	23.80%	\$111,420.00
Real Property Manager	**Created	\$69,132	23.80%	\$85,585.42
Facilities Planner	**Created	\$41,234	23.80%	\$51,047.69
Capital Projects Coordinator	**Created	\$41,234	23.80%	\$51,047.69
Contract Manager	**Created	\$56,795	23.80%	\$70,312.21
Total Cost				\$369,413.00
<p>* Because these position were transferred into the division, government-wide costs are not experienced</p> <p>** The salaries of the created positions were based on the following findings regarding the FY 2008 pay schedule: Average Coordinator salary = \$41,23; Average Project Manager salary = \$56,795; Average Public Service Worker Wage = \$27,907; Average Firefighter Wage = \$39,935</p>				

The new unit will report to the Facilities and Fleet Management Director and be organized in two sections: Building Maintenance for custodial services and building operations (HVAC, electrical, plumbing, etc.), and Asset Management for real property management (for acquisition, property management, and title work), facilities planning, capital projects management for construction and renovation, and contract management. An organization chart of the proposed new structure is shown in Figure H4 below.

FIGURE H4: PROPOSED NEW FACILITIES AND FLEET MANAGEMENT DIVISION



Building Maintenance

The use of private service providers for specific building maintenance and custodial functions is common practice in jurisdictions nation-wide. While Lexington currently contracts a portion of its custodial work, the City has not taken full advantage of opportunities to reduce operating costs through contracting for facilities maintenance services from the private sector.

As noted elsewhere, maintenance for City facilities is spread between three divisions that perform at varying levels. Personnel costs for FY08 for this function in just the Building Maintenance Division are \$3,403,530. According to the Department of Labor's Bureau of Labor Statistics National Compensation Survey, private sector salary costs for the Building Maintenance division would be approximately \$2,293,220, a difference of over \$1 million.

Service contracts are routinely awarded for facilities management to entities outside of municipal government. The City of Indianapolis' primary facilities are maintained by an independent Building Authority that charges rent based on usable square feet in each building.

Recommendation H4: Enter into service contracts for all appropriate functions of the new Facilities Management Division. Service contracts and private management are a widely accepted form of conducting municipal business while at the same time providing a high level of service to citizens. Unlike for some other municipal services, all of the functions of recommended Facilities Maintenance division are available in the private sector. The City should carefully evaluate the costs and benefits of contracting for facilities management services and contract with those providers that offer quality services at a lower cost than the current services.

A symptom of the lack of an asset management system for facilities is the lack of any comprehensive inventory, depreciation schedule, or capital improvement plan for the roof systems and conditions of City buildings. While Building Maintenance has an inventory, it is incomplete and there is no asset management program being used for roof systems.

Roofing systems for Lexington were described by Building Maintenance as old, leaky and in generally poor condition. Repairs to roofing are made in response to identified leakage or failures. Responsibility for roof maintenance is split between at least three divisions (Building Maintenance and Construction, Fire, and Parks and Recreation), and there is no overall condition analysis or needs assessment. There is also no scheduled inspection and repair program for roofing.

Roofing systems have a defined life span dependent on material and construction method used. Minimum life spans (with proper maintenance) may be as short as 10-15 years. Roof systems require regular inspection and maintenance to prevent leakage and structural damage. Investment in a system of roofing maintenance is cost-effective in preventing more costly replacements.

Recommendation H5: Contract with an outside consultant to complete an inventory, condition assessment and recommended action plan for the maintenance, repair and replacement of all roof systems for City buildings.

Recommendation H6: Develop a capital improvement plan (CIP) with an annual budget for the repair and maintenance of roof systems.

Recommendation H7: Implement a scheduled inspection program for roof systems.

As with roofing systems noted above, the City's Building Maintenance function has an incomplete inventory of HVAC equipment and limited information on condition and energy efficiency.

The City's HVAC equipment is not standardized. HVAC units encompass multiple brands and types, each with differing parts and tool requirements to be inventoried. Maintenance personnel must be trained and equipped for the repair of all HVAC equipment. Parts inventories must be maintained for a variety of equipment.

HVAC equipment is selected primarily based on low bid, without consideration of maintenance requirements, service life, energy efficiency, or life cycle cost. HVAC units are bid with a range of specifications allowing contractors to provide second tier equipment in order to be cost competitive. The energy efficiency of some older HVAC equipment is questionable.

While actual numbers are unknown, Building Maintenance staff estimate that the HVAC annual replacement budget was \$50,000 with a backlog of approximately \$5 million in work that is needed.

Recommendation H8: Contract for inventory, condition assessment and energy efficiency evaluations for existing HVAC equipment.

Recommendation H9: Establish an adequately funded annual capital plan and replace HVAC units in priority order, starting with those units in the worst condition and/or with lowest energy efficiency.

Recommendation H10: Dedicate energy savings from equipment upgrades to fund future equipment improvements.

Recommendation H11: Standardize HVAC specifications and approved equipment to limit maintenance training and parts inventory. Base equipment selection on life cycle cost evaluation including service, training and parts inventory costs.

Building Maintenance responsibilities are divided among multiple departments with the two major service providers being Building Maintenance and Parks and Recreation. Each group takes independent responsibility for the maintenance of specified facilities. Each department has access to asset management software, although each uses a different program. Maintenance activities are not being routinely entered into the asset management system, resulting in incomplete and inaccurate information.

Building Maintenance staff has stopped entering service records into their asset management system since the loss of the person who was assigned that responsibility. Building Maintenance is unable to keep up with scheduled maintenance on HVAC equipment. Building Maintenance

and Parks and Recreation staff do not normally assist each other. Service priorities are established by area of responsibility and not by overall facility needs.

Recommendation H12: Choose and maintain a single asset management program for HVAC equipment.

Recommendation H13: Maintain HVAC equipment according to manufacturers' recommendations.

Recommendation H14: Identify and train specialized service crews for the most common HVAC systems.

Recommendation H15: Contract for service for unique/rare HVAC systems in the City.

Recommendation H16: Conduct a pilot program to test contract HVAC maintenance.

Additionally, many building maintenance functions – such as painting, re-lamping, and light carpentry – are currently being conducted during daytime hours throughout the various City facilities. This creates situations where employees are often distracted and sometimes displaced, thus effecting their productivity. This also creates inconveniences for customers who transact business during these hours. It is considered to be a best practice to have these functions performed during non-office hours.

Recommendation H17: Assign appropriate building maintenance and construction duties to be completed during non-office hours. This will minimize construction and maintenance related interruptions to the LFUCG office staff.

The cost of energy for heating and cooling continues to outpace inflation, with an annual increase of approximately 8.6% since 2000. Lexington maintains a large number of older buildings, many of which were designed without regard to energy conservation. Most buildings lack programmable thermostats and have original insulation and windows. No department or person is specifically designated and charged with improving the energy efficiency of City buildings and there is no capital projects plan in place for energy conservation needs.

The City has an interdisciplinary energy team that meets occasionally, and is able to disburse nominal funds for energy improvements such as Light Emitting Diode (LED) exit signs, but no dedicated plan for energy conservation.

Table H3 below shows actual FY07 costs for the City's utilities.

TABLE H3: FY07 ACTUAL UTILITIES EXPENSES

Expense	Amount
Electricity	\$4,218,517
Gas	\$1,559,333
Water	\$633,081
Sewer User Fee	\$298,737
Landfill User Fee	\$1,495,976
Heating Fuels	\$9,609
TOTAL	\$8,215,253

As can be seen, the City spent over \$8 million in utilities in FY07. A savings of just one percent through a consolidated energy loss prevention program would save the City over \$82,000. Programmable thermostats have the potential to reduce heating and cooling costs by as much as 5%.

Many best practice communities track utility use and expenditure as a function of energy consumption. The City should track utility consumption using a matrix similar to the one found in Table H4 below that is employed by members of the International Facilities Management Association.

TABLE H4: UTILITY CONSUMPTION MATRIX SAMPLE

Utility Consumption					
	Electricity	Fuel Oil	Gas	Water	Sewage
	kWh/GSF	Gallons/GSF	CCF/GSF	Gallons/GSF	Gallons/GSF
Facility 1					
Facility 2					
Facility 3					
Facility 4					
Facility 5					
Facility 6					
Mean					

By closely monitoring the energy costs by type and facility, the City could make more effective decisions regarding investments for improvements promoting energy efficiency.

Energy conservation is not only a good investment, but good for the environment and positive for public relations. The City should lead the way in the community by investing in energy efficiency.

Recommendation H18: Contract for comprehensive energy audits of major facilities.

Recommendation H19: Develop a capital projects plan for energy conservation measures based on payback period and return on investment principles.

Recommendation H20: Dedicate energy savings from conservation efforts to fund future capital improvements.

Recommendation H21: Install programmable thermostats in appropriate locations.

Recommendation H22: Closely monitor energy costs by facility and expense.

Building Maintenance stocks liquid soaps and paper products for all buildings, including buildings maintained by contract janitorial services. This is done on the rationale that controlling the distribution of supplies results in better pricing and quality and also acts to manage waste.

Products are ordered and placed into a central inventory location from which Building Maintenance staff distributes the materials to janitor closets in all buildings with janitorial services.

The result is that materials must be ordered, stocked, inventoried and distributed to individual buildings by City staff. These costs are not identified and applied as an overhead rate when evaluating the cost effectiveness of current practices. Lexington is experiencing a “carrying cost” for maintaining this inventory by tying up funds that could otherwise be invested.

Recommendation H23: Require cleaning contractors to provide soap and paper products as part of their service contracts. Identify these costs specifically as part of bid process.

Division of Fleet Services

The Division of Fleet Services handles the acquisition, maintenance and repair of more than 2,100 vehicles and pieces of equipment owned by the City.

The Division consists of 49 FTEs and has total FY08 expenditures of \$3.7 million, although \$1 million of these costs are transferred to other funds, resulting in a net budgetary impact of \$2.7 million. FY08 salaries and benefits cost is \$3.3 million with an additional \$423,950 in operating expenses, making salaries and benefits 89% of total expenditures.

The following findings and recommendations apply to the Division of Fleet Services.

Streamline the Organization Structure

Fleet Services employs three managers; a fleet operations manager that oversees the Auto/Light Truck Garage, another fleet operations manager that oversees the Heavy Equipment Garage, and a third fleet systems manager that manages the Parts Room.

Fleet Services does not require three managers to oversee its parts, light and heavy duty sections and these management positions are typically not found in fleets of this size. Instead, a senior operations manager is typically used to perform these management responsibilities. The high shop labor rate is due in part to the cost of employing these three managers.

Recommendation H24: Reclassify the fleet systems manager to a parts supervisor.

Recommendation H25: Reclassify one of the current operations managers to senior operations manager and eliminate the remaining operations manager position.

Implementing these recommendations would save approximately \$48,092 per year in salaries and benefits and reduce the shop hourly rate by about \$2.50 per hour.

The personnel changes are shown in Table H5 below

TABLE H5: FLEET SERVICES RECOMMENDED PERSONNEL CHANGES

Division of Fleet Services		
Position	Action	Savings/(Cost)
Operations Manager	Eliminated	\$59,218.00
Operations Manager to Sr. Operations Manager	Re-Classified	(\$15,583.95)
Fleet Systems Manager to Parts Supervisor	Re-Classified	\$4,458.03
Total Savings		\$48,092.08

Fleet Management Information Reporting

In order to properly evaluate the effectiveness of a Fleet operation, an organization must establish and monitor performance measures based upon an agreed set of goals and criteria that can be benchmarked against fleet industry leaders. These performance measures along with other fleet information should be part of a reporting process that includes fleet customers, upper management and fleet services staff.

Fleet Services tracks a limited number of fleet performance measures. They include number of preventative maintenance (PM) repairs

performed, number of service calls and total number of repairs performed. Critical performance measures that are not being tracked include number of repeat repairs, average time to respond to road calls, vehicle time lost waiting for parts and vehicle downtime.

Fleet Services produces a monthly report that tracks the City's fleet inventory, fuel and maintenance costs and miles driven by division, as well as the limited number of performance measures mentioned above. This report is distributed to each City division. Compared to best practices and privately-managed entities, Fleet Services generates a limited number of information reports. Furthermore, access to fleet data by its customers and upper management is limited and restricted.

Recommendation H26: Establish and monitor performance indicators to measure performance against industry and shop standards.

See Attachment H-2 for examples of fleet management performance measures.

Recommendation H27: Provide regular fleet information reports to management, fleet customers and fleet services staff. See Attachment H-3 for examples of fleet management information reports.

Under-Utilized Fleet Vehicles and Equipment

As part of this review, Management Partners completed a Vehicle and Equipment Utilization Study. The study's intent was to analyze each department's permanently assigned and temporary vehicle requirements and recommend how to most cost-effectively accomplish the City's business objectives. Vehicles are expensive to own and operate, so the goal of fleet management should be to provide well maintained equipment in a timely manner for the city operations, but to optimize the size of the fleet.

Lexington has a major investment in its fleet of 2,162 vehicles and equipment, estimated at between \$60 million and \$70 million in replacement costs. The fleet consists of sedans and pickup trucks, medium and heavy duty trucks, heavy equipment (tractors, backhoes), law enforcement patrol units, and miscellaneous small equipment trailers, edgers, and push mowers.

Management Partners spent a month evaluating the utilization of the City's fleet. Mileage, hour usage, and questionnaires pertaining to each unit were reviewed, and key departmental representatives were interviewed. This study evaluated a total of 811 units consisting of light duty sedans/trucks, medium/heavy trucks and heavy equipment. Law enforcement, fire apparatus and miscellaneous small equipment were not included in this utilization study.

Developing Utilization Criteria

In order to determine what minimum utilization thresholds are being used by other agencies, Management Partners canvassed a number of public agencies. We found that many jurisdictions did not have minimum standards; those that did varied between a minimum usage threshold of 6,000 and 15,000 miles. Given the relatively low average usage in Lexington, Management Partners determined that using a minimum usage threshold of 6,000 miles per year for all sedans and light duty trucks would be reasonable for our analysis of the Lexington fleet.

Fleet Services provided life-to-date and FY06/07 (12 months) utilization miles/hours for each unit in the fleet. Figure H5 and H6 below reflect the distribution of miles and hours (from FY07) of the 811 units that were included in this study. The data show that a majority of the hourly units accumulated less than 100 hours of average annual use. The 11 hourly units recommended for surplus all recorded FY 2007 utilization under 40 hours.

FIGURE H5: FLEET DISTRIBUTION BY MILES DRIVEN

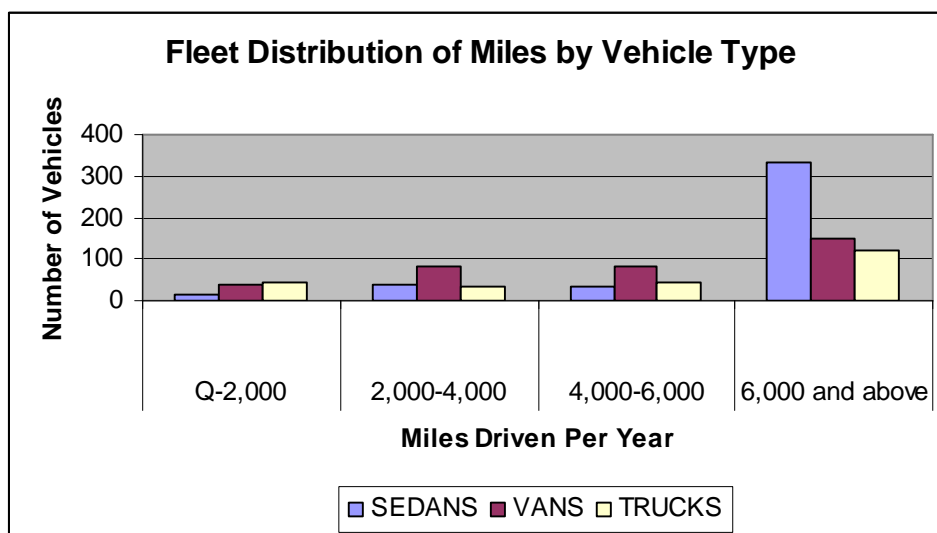
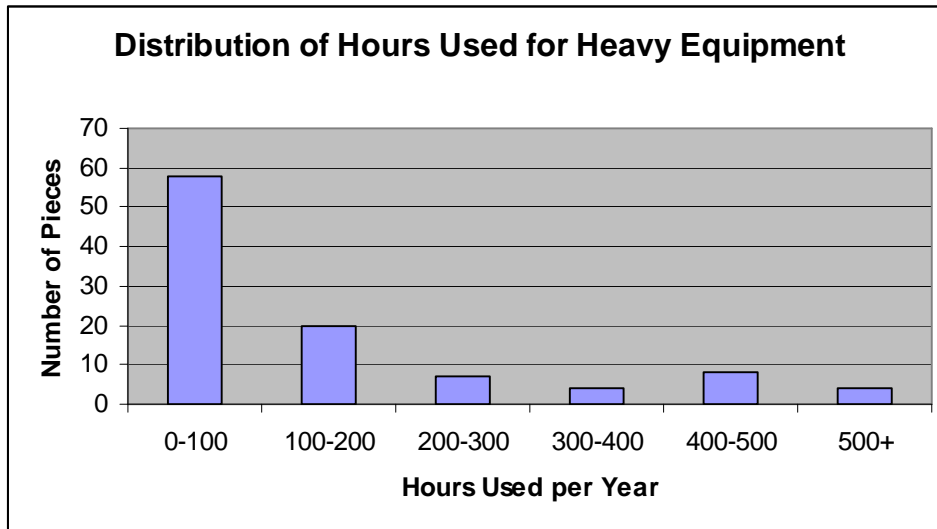


FIGURE H6: DISTRIBUTION OF HEAVY EQUIPMENT BY HOURS USED



Average annual usage for sedans in Lexington is 4,800 miles and 7,200 miles for light trucks. With this data we calculated the average monthly mileage of all units and established the mileage thresholds to categorize low, medium and high usage.

Sedans driven less than 2,400 miles per year and light trucks driven fewer than 3,600 miles per year are considered "low usage." Sedans driven between 2,400 miles and 6,000 miles per year and light duty trucks driven between 3,600 miles and 6,000 miles per year are considered "medium usage." Sedans and light duty trucks driven over 6,000 miles per year were considered "high usage".

With this in mind we had all departments fill out a fleet questionnaire for each sedan and light duty truck whose FY07 usage was less than 6,000 miles per year. Sedans utilized less than 2,400 miles per year and light duty trucks utilized less than 3,600 miles per year were designated as low usage and candidates for disposal. However, customers were given the opportunity to justify their need to retain their unit by stating their case on the back of the questionnaire. Units falling between 2,400 and 6,000 miles (sedans) and 3,600 and 6,000 miles (light duty trucks) were also reviewed during the process and were subject for removal from the fleet.

Medium and heavy trucks and heavy equipment were reviewed in the same manner as sedans and light duty trucks; however, we applied the formula to the average miles/hours of each class within the truck and heavy equipment categories.

For example, backhoes were grouped together and their total annual hours added together. Next we computed an average annual usage for this group and applied our formula to this average. This enabled us to identify all underutilized backhoes and request that questionnaires be

filled out for each unit. A list of these units can be found in Attachment H-4.

Recommended Fleet Reductions

Of the 811 units reviewed in this study, 371 units (46%) were identified as falling in the low and medium categories. A detailed listing of these units can be found in Attachment H-5. Questionnaires were filled out for each unit and reviewed by Management Partners prior to meeting with each departmental representative where they were further evaluated alternative means of transportation explored including pooling, renting, leasing or replacing with other more efficient and economical units.

Recommendation H28: Reduce, eliminate, and/or pool the 107 fleet vehicle units specified in the fleet utilization analysis. A total of 107 units are recommended for reduction and/or pooling. This represents approximately 13% of the 811 units reviewed in this study. Of the 107 units of rolling stock, 97 are identified and recommended for surplusing. Of the 10 remaining units, five will be set aside to create a Fleet Services loaner pool, three units will be added to the heavy equipment pool, and two units have been recommended for downsizing.

There are a number of low utilization late model units and hybrid units that are recommended for surplusing/pooling. Management Partners recommends, contingent on condition, pooling and/or replacement of older units in the fleet with these units be considered before disposing of any of these units. Finally, if the disposal of any of these units is deferred, Fleet Services should not replace these or other units until this report has been thoroughly reviewed by management.

If adopted, the potential savings from surplusing or pooling these vehicles and pieces of equipment would amount to approximately \$102,000 per year in operational costs. Additionally, the City would realize an estimated \$651,000 of income from the sale of the 97 units. Another \$2.7M would be realized by not having to replace these vehicles and equipment in future years. Note: Some of these funds will be offset by the costs associated with renting cars from the rental agency pool.

Vehicle Pool

As part of the utilization study, Management Partners also examined how the City utilizes its central motor pool, standby and take home units and personal use of vehicles used to perform City business. As a result of this analysis, we are recommending that the City eliminate its central pool and contract with a commercial rental car agency to provide pool cars to City

employees where appropriate. We are also encouraging the use of personally-owned vehicles when appropriate, as it is far more economical than using a pool or assigned vehicle. Current CAO policies are overly restrictive and punitive and discourage the use of pool vehicles even when appropriate and desirable. CAO Policy 3 governs the use of City vehicles and will need to be revised to support the changes in fleet administration.

In fleet management, breakeven point analysis is used to determine the point at which a fleet can own, operate and maintain an assigned vehicle more economically rather than reimburse a Lexington employee to drive a personally owned vehicle or use a Lexington motor pool unit.

In Attachment H-6 we compared the City's cost to own and operate an assigned vehicle (Ford Taurus) versus reimbursing employees to use their own personal vehicle. Using this calculation shown in Attachment H-6, a sedan that averages 416 miles per month costs the City about \$275.75 to own and operate, or about \$0.66 per mile. By reimbursing an employee to use their personal vehicle at the current IRS rate of \$0.485/mile, the City would save \$74 per month at this mileage threshold. In fact, it is less expensive to pay personal mileage than provide an assigned vehicle until usage reaches 659 miles per month, at which time it becomes cheaper to drive a City vehicle.

With direct mileage reimbursement, the City only pays for transportation when a private vehicle is *driven* compared to the total costs associated with owning a vehicle which may not be utilized consistently.

In many cases, it may be to the City's advantage for employees to use private vehicles, use central or departmental pool units, or make better use of the existing, permanently assigned departmental vehicles as opposed to retention of the low-use Lexington vehicles identified in this report. Motor pools are commonly used in governmental and corporate fleets in the U.S. in order to minimize the size of the fleet and maximize the use of existing fleet vehicles.

Maintenance costs were based on a sampling of actual Fleet Services costs for this class of vehicle and with data contained in Management Partners' industry-wide database. Labor rates, administrative overhead, acquisition and fuel costs associated with the City's fleet operation were computed based on data contained in an earlier Lexington Fleet Assessment Study conducted by Management Partners.

Fleet Services operates a centralized motor pool consisting of eleven units. Nine sedans and one passenger van are kept at the downtown government complex. Two 12-passenger vans are currently kept at the Fleet Services yard. The executive assistant in the General Services Administration is responsible for scheduling and dispatching the vehicles at the government center. Utilization data regarding number of trips per month, number of miles per trip and availability are not being captured which makes it difficult to determine if the motor pool should be expanded

or not. The executive assistant informed us that she is not always able to fill vehicle requests. This happens, on average, several times each month. This is probably an indication that the number of units available is not adequate.

Best fleet management practices suggest that it is customary to maximize the use of a central motor pool and minimize the number of individual assignments whose need for transportation can be met through pooling. During our interviews with division representatives, we were told that the process of checking out a pool vehicle was difficult. Units were not always available and were difficult to locate.

In Attachment H-7, we compare Lexington's cost to own and operate a Honda Civic (pool vehicle) versus reimbursing employees to use their own personal vehicle or renting a Ford Focus from a local rental car agency. This comparison is used to determine the most cost-effective way to provide occasional transportation for employees who do not need a vehicle on a daily basis. The table reflects the costs for each of these three travel alternatives in 10-mile daily increments. The table shows that it is more expensive for the City to offer a pool vehicle rather than reimburse an employee for using their personal car when traveling distances less than 51 miles per day. For distances between 51 miles and 320 miles, it is more economical to utilize a pool vehicle and for trips greater than 320 miles it is more economical to rent a car.

Thus, the City should encourage employees to use their personal car for City business, where appropriate, and pay mileage reimbursement rather than use a City vehicle or renting a car for all roundtrips of 51 miles or less. For all round trips greater than 320 miles, the City should consider the use of local rental car agencies.

Another option to consider is using rental car agencies to replace and/or supplement the City's motor pool. This option is becoming increasingly popular among public agencies. There are many advantages to renting vehicles including:

- A broad choice of vehicle classes (compact, intermediate, standard, full size, cargo vans, SUV's, 4x4 pickups, passenger vans)
- Delivery and pickup of vehicles
- Access to new, low mileage vehicles
- Vehicles that are always clean and which have been fueled
- 24 hour road service
- Choice of daily, weekly or monthly rates

Additionally, employee guidelines and policy should be developed that support the most economic means of transportation such as for all local trips less than 51 miles (roundtrip), employees can either select from Central Motor Pool or use their personal vehicles. All trips exceeding 320 miles (roundtrip) require the use of a local car rental agency.

Recommendation H29: Eliminate the City's central pool and contract with a commercial car rental agency to provide central pool services.

Use of Personal Vehicles

According to accounts payable data furnished by the Finance and Administration Department, City employees were reimbursed a total of \$20,183 during FY07 for mileage. Based on an average reimbursement rate of \$0.465 per mile, an estimated 43,400 miles were logged by City employees driving their personal cars. Based on the limited data available, it is unknown whether employees preferred using their own vehicles for long or short trips rather than checking out a pool vehicle.

Discussions with division representatives revealed that it was difficult to go through the process of claiming mileage reimbursement and, consequently, many City employees do not bother to claim mileage on short trips. As a consequence the estimate of personal mileage may be understated.

Our review of the forms needed to claim mileage reimbursement found that both the Travel Authorization Form and the Cash Disbursement Request (Form 211-5) could possibly be combined in order to streamline the process. We also learned that many divisions do not budget for mileage reimbursement making it difficult for their employees to claim mileage.

Recommendation H30: Develop incentives to encourage employees to use personal vehicles when it is more economical to do so.

Recommendation H31: Streamline the employee mileage reimbursement process.

Fleet Services Pool

Currently, Fleet Services does not operate a shop loaner pool. Customers (other City employees) are required to supply their own transportation when dropping off their vehicles and equipment for servicing. Consequently, this arrangement requires that another employee be responsible for dropping the customer off and picking them up after servicing has been completed. For this reason we suggest that a loaner pool be established that would make vehicles available for those customers whose units are in for servicing and avoid the wasted manpower of a second employee.

Best practices for fleet management emphasize that the size and makeup of shop loaner pools have a direct correlation to the productivity and efficiency of a fleet's operation. For example, an excess number of pool vehicles might suggest that maintenance and repair work is not being accomplished in a timely manner. Consequently, the costs associated

with keeping a large number of pool units on hand will ultimately add to the costs of the fleet operation and drive its overhead costs up.

Management Partners has recommended in its Fleet Checkup Assessment Report that an overlapping or swing shift operation be adopted for Fleet Services in which a majority of the fleet would be serviced during hours when the units are not being used in the field. If adopted, it would affect the number of shop loaner vehicles required.

Recommendation H32: Establish a shop loaner pool consisting of three pickup trucks and two sedans.

Recommendation H33: Monitor the utilization of the loaner pool for six months to determine the best type and number of units to meet the needs of customers.

Recommendation H34: Negotiate rental agreements with local rental car agencies for vehicles to be used to augment the Fleet Services pool when units are out of service due to extensive repair work or for peak needs.

Heavy Equipment Pool

Currently, Fleet Services operates and maintains a backhoe that it loans out to fleet customers on an as-needed basis. In addition to the backhoe, we are recommending that Fleet Services expand its pool of heavy equipment to include two dump trucks and one flatbed truck. These units can be filled with units that are recommended for surplus. The costs associated with these units will become part of Fleet Service's overhead costs. Consequently, Fleet Services will need to develop rental rates to offset these costs.

To supplement this heavy equipment pool, it is recommended that Fleet Services develop rental agreements with local vendors that supply similar equipment. Additionally, the use of this equipment should be closely monitored over the next year in order to track its utilization and determine which units should be retained or surplus in addition to what has been recommended in this report.

Recommendation H35: Add two dump trucks and one flat bed truck to the heavy equipment pool.

Recommendation H36: Negotiate rental agreements with local heavy equipment rental agencies for equipment to augment the heavy equipment pool.

Recommendation H37: Monitor the use of the heavy equipment pool units during the next year as well as requests for equipment.

Department Pools

Based on our interviews and conversations with the Fleet Services Director it appears that a good deal of sharing takes place between Lexington departments when it comes to heavy trucks and equipment.

Several departments do a good job of sharing their vehicles within their organization, namely Parks and Recreation and Family Services. We feel that Building Inspection could do a better job of pooling its vehicles which we anticipate will occur based on our recommendation to eliminate seven vehicles from its fleet.

Community Corrections has a large number of vans that are pooled and utilized to transport inmates from the jail to the courthouse on a daily basis. It is unclear whether this pool of vans is too large or not. As part of the utilization review, we have recommended that one van be eliminated and suggest that Community Corrections monitor their usage of vans over the next six months to determine the optimum size of its van fleet.

Shop Labor Rate

Currently, Fleet Services does not calculate nor use a fully-burdened labor rate which includes all the actual costs of providing service. The lack of a formal chargeback system to fleet users has resulted in this not being necessary.

Fleet Services currently calculates its labor rate to be \$25 per hour for light duty units and \$30 per hour for heavy duty units. As part of this review, Management Partners performed an activity-based cost analysis of Fleet Services which resulted in determining a fully-burdened labor rate of \$94.78 per hour. This rate compares with the City's competitors as follows:

- Commercial dealership rates from \$75-98 per hour
- Commercial independent shop rates from \$77-89 per hour
- Commercial independent small equipment shop rates from \$60-65 per hour

The rate of \$94.78 is based upon salary and benefits rate of each technician (mechanic) and also includes overhead costs, which are not included in Fleet Services' internal calculations.

In order to recover all costs associated with the provision of fleet services, fleet users should be charged a fully-burdened labor rate which includes salary and benefits plus all overhead.

Recommendation H38: Calculate a fully-burdened shop labor rate that incorporates all fleet overhead costs as well as technician productivity (wrenching hours). This will allow Fleet Services to properly charge user departments and better compare the competitiveness of the City's fleet operation against industry leaders.

The purpose of in-house fleet services in organizations is to provide an efficient, cost-effective alternative to private providers. At the present time, however, the City's Division of Fleet Services is not competitive with commercial fleet providers. Some question whether or not Lexington should outsource all or part of its Fleet Services program. Management Partners feels that by putting into practice the above recommendations, including reducing overall costs and increasing the productivity of its technicians, that Fleet Services can reach a more competitive state.

Once Fleet Services has had a chance to implement some of Management Partner's recommendations, and prior to filling or downgrading the Fleet Systems Manager who oversees the parts program, we believe it would be beneficial to examine whether or not contracting out its parts services would have any value.

As noted above, the City's shop labor rate was calculated to be \$94.78 per hour. This rate is not driven by costs alone but also includes components of mechanics' productivity (wrenching time). Management Partners calculated the wrenching time of all City mechanics to be 60%; this compares to industry norms closer to 70-75%.

The City's shop labor rate is driven up, in part, by the large number of managers which must be factored in, as well as lower productivity rates for the mechanics. Based upon our analysis, the City's mechanics spend approximately 1,541 hours per year chasing parts and about 1,767 hours per year delivering and picking up units from commercial vendors. Additionally, we found another 13,664 hours of unaccounted for annual time which we classified as non-wrenching.

Detailed calculations of the City's labor rates and costs can be found in Attachment H-8.

Recommendation H39: Establish a goal to increase mechanics' productivity (wrenching time) from 60% to a minimum of 70%. This can be accomplished by implementation of the next two recommendations below.

Recommendation H40: Hire lesser-paid personnel ("runners") to perform duties now performed by mechanics. This can include parts runs and transporting vehicles to and from commercial vendors.

Recommendation H41: Reduce unaccounted time and increase productive wrench time.

Recommendation H42: Evaluate Fleet Services' competitiveness and potential for outsourcing 12 months after implementation of fleet recommendations.

The City has traditionally issued bonds to purchase new and replacement vehicles and equipment and does not utilize an internal service fund for fleet, as is commonly done in other jurisdictions. After an initial outlay for purchase of the vehicles, an internal service fund requires fleet customers to pay "rental charges" for use of fleet vehicles into a fund which then supports future fleet replacements. This chargeback system recovers the cost of fleet services from those using the fleet and places a cost upon usage of City vehicles to the departments who are using them. Such a chargeback system also passes on the full cost of this internal service to operating departments so that the service is not itself a cost to the government but can be viewed more accurately as a cost of providing service to the residents.

Currently City fleet customers are unaware of the "ownership" costs associated with their vehicles and equipment. While Fleet Services prepares a monthly report that reflects the total cost of all labor, parts and sublet work performed at the shop for all units within each department (which is then debited by Finance from that department's maintenance accounts), departments do not see a breakdown of their maintenance and repair costs and consequently are not aware of what it costs to own and operate a vehicle or piece of equipment. The City lacks financial incentives for fleet users to properly size their fleets (e.g., eliminate low-use vehicles). When costs are identified and made visible to the customer, they tend to economize and self-regulate fleet size and use.

The City also does not provide a means by which fleet costs are included in the operational costs of each work unit so that their actual costs of service can be determined. For example, the true costs of providing fire protection to the community cannot be clearly understood without including the costs of maintaining and operating the fire apparatus.

Finally, the use of bonding for non-capital costs is expensive. The City is paying a premium in terms of interest rates for the replacement of its vehicles, which are not long-term assets of the government.

Recommendation H43: Develop an internal service fund and chargeback system for Fleet Services.

Require fleet customers to pay into the fleet services fund on a regular basis to support future fleet replacement and build fleet costs into work unit costs of service calculations. A chargeback system should be developed that incorporates fleet replacement, overhead, and operational costs.

A common concern regarding internal service funds is the means by which they are governed. User departments are often concerned that “another department” (in this case, Fleet Services) will have power to charge them and dictate vehicle choices and costs with no input from the customer.

An ideal means by which to address this concern is the establishment of a Vehicle and Equipment Committee. The Committee can develop policies and guidelines relating to vehicle assignment criteria, standby and take-home usage, and use of personal vehicles. The Committee can act as a platform by which Fleet Services and its customers can communicate ongoing issues and act as a review board to evaluate all requests for additions to the fleet.

Currently in the City, fleet policy and guidelines are developed by the Fleet Director and sent to the Mayor’s Office for approval and incorporation into Lexington policy. Requests for additions to the fleet are handled by Fleet Services, Finance, and the Mayor’s Office. Management Partners’ found the City’s criteria relating to vehicle assignment, standby and take-home usage to be vague.

Recommendation H44: Establish a Vehicle and Equipment Committee consisting of the Fleet director and representatives from the City’s largest fleet users to review and discuss fleet policies. The creation of a Vehicle and Equipment Committee ensures customer input into the centralized fleet process and clarity with regards to policies and criteria for evaluation of the fleet. This committee should be charged with developing policy and guidelines relating to vehicle assignment criteria, standby and take home usage and use of personal vehicles. The committee should also act as a platform by which fleet management and its customers communicate ongoing fleet service related issues and act as a review board to evaluate all requests for additions to the fleet.

Fleet Services determines which units should be removed from the fleet on the basis of miles and hours used. This determines when a vehicle or piece of equipment should be replaced.

While commonly used, miles and hours of use are insufficient measures and can result in units being removed from the fleet prematurely and/or replacement is deferred beyond optimum economic life, resulting in costly repairs and excessive downtime.

A best practice in fleet management is to utilize “life cycle cost analysis,” which is a combination of miles and use plus capital costs, to determine the optimum time to determine that a vehicle or piece of equipment is surplus.

Recommendation H45: Utilize life cycle cost analysis to determine the optimum time to eliminate fleet vehicles. The City should include both usage and capital costs in determining whether a vehicle or piece of equipment should be deemed surplus.

Operating Hours

A critical customer service issue for fleet services operations is the timing of their work. Because many fleet vehicles are necessary in the performance of department work, it is difficult to have them on “down time” for repairs or service.

Currently Fleet Services works on vehicles and equipment from 7:00 a.m. to 6:30 p.m., Monday through Friday. Customers interviewed for this review noted that a customer service improvement would be to have their units worked on when they were not being used, e.g., outside of regular work hours.

Recommendation H46: Expand the hours of operation for Fleet Services to accommodate service to customers outside of their normal work hours.

Fire Department Fleet Maintenance

The City’s Fire Department maintains the majority of its own fleet at Fire Headquarters. Most of the Fire Department’s light duty units are either stationed at this location or frequently visit there making it convenient to have their vehicles serviced while conducting business. Heavy fire apparatus has always been maintained at this location where designated fire mechanics are stationed. The Fire Department maintains 150 pieces of equipment, primarily pumpers, aerials, ambulances and various trucks and SUVs. Approximately 10 sedans are maintained by the City’s central Fleet Services shop.

As part of this review, Management Partners visited the Fire Department’s fleet maintenance operation and observed that the facility is too small to accommodate the number of mechanics and fleet staff and that there is a lack of shop equipment, especially lifts. We did not evaluate the costs of the operation and its competitiveness relative to the marketplace as part of this study.

Operating a satellite fleet operation outside of the central one is not necessarily a problem, but the lack of space and equipment results in an opportunity to review this structure.

Recommendation H47: Perform a detailed analysis of Fire Department fleet operations and determine the best location for fire fleet servicing. The City should convene a task force of representatives from Finance, Fleet Services, and the Fire Department to analyze current operations and agree upon a plan for the future. This analysis should consider the service and financial impacts

of: 1) transferring maintenance of the Fire Department's light duty trucks and SUVs to the central shop and leaving maintenance of heavy equipment at the present location; 2) transferring maintenance of the Fire Department's 10 sedans from the central shop to the Fire Department's maintenance facility; and 3) merging maintenance of the City's general fleet with the Fire Department's fleet, perhaps in conjunction with the Fire Department's move to a new maintenance facility in the future. Establishing two central shops is a potential option.

Police Officer Take-Home Vehicle Policy

The City's Vehicle Use and Assignment Policy allow sworn police officers non-restricted use of vehicles for use after regular work hours. Out of the City's 564 total patrol units, 533 (94.5%) are taken home on a regular basis.

Having assigned vehicles require three times as many patrol cars as a pool car system, and represents a significant capital investment.

However, there are also distinct advantages to the current system:

- Officers are able to respond to calls more readily while off duty.
- Savings are realized due to increased officer productivity as a result of not having to check out a pool car and transfer gear from one car to another.
- Savings realized by not having to provide parking for officers' personal cars.
- Life-cycle cost savings realized by extending the replacement intervals of patrol units, which are driven less than 24 hours, 7 days per week for pool cars.
- The program represents a valuable fringe benefit to the police officers. The City of Tacoma study (referred to below) estimates the value of this benefit at \$10,000 per year.
- Several studies have supported the advantages of the police assigned vehicle program. Two in particular we reviewed: Dr. Bruce Mann and Dr. Douglas Goodman published in *Police Fleet Manager Magazine*, May 2004; 2) A cost benefit analysis of the assigned vehicle program for the City of Tacoma Police Department conducted by Donald T. Lauria. He concluded "the BC analysis provided convincing evidence that it is far better for the city to assign vehicles to police officers than for them to use vehicles from a pool."
- In 2005, there were 4,242 responses by off-duty officers and 4,426 in 2006. In Lexington, having a one-to-one car plan seems to have some evidence to support it.

Recommendation H48: Conduct an analysis of the City's one-to-one car plan for police vehicles. While it seems that the practice makes sense, the City should verify the policy by conducting an in-house study using the

methodology referenced in the reports cited above and apply their own data and assumptions.

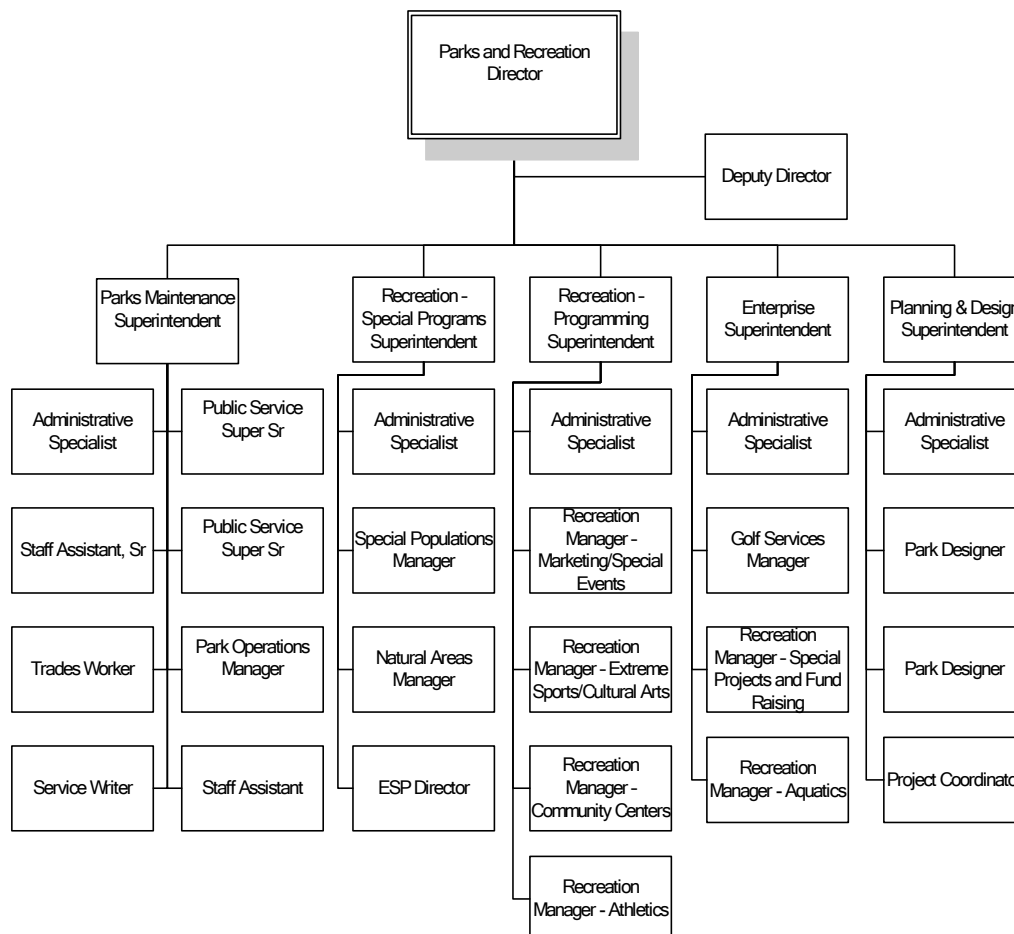
Division of Parks and Recreation

The Division of Parks and Recreation provides parks and recreation facilities and programs for the community and has the following primary responsibilities:

- Acquisition and maintenance of parks, open spaces, and recreational facilities.
- Provision of recreation programs to the community.
- Planning, design, and implementation of parks capital projects.
- Operation of aquatics and golf programs and facilities.

The Division of Parks and Recreation consists of 186 regular City employees and additional seasonal staff. The division has a budget of \$21.1 million, with 51.7% of that spent on salaries and benefits. The current organization structure is shown in Figure H7 below.

FIGURE H7: CURRENT PARKS AND RECREATION ORGANIZATION CHART



Parks and Recreation operates 102 parks consisting of more than 4,500 acres, as well as green space areas with six golf courses, six community centers and nine aquatic facilities. In addition, the division maintains 300 other City properties.

Parks and Recreation Resources

One element of the evaluation of the Lexington Parks and Recreation Division by Management Partners involved a comparison of best practices and operational data from other cities and counties. One of the sources used for this comparison was the publication *The Excellent City Parks System: What Makes It Great and How to Get There* published by The Trust for Public Land. Attachment H-9 illustrates some of the key comparative data that The Trust for Public Land used to compare the park systems of major cities in this country. As shown in these data, the Lexington system is among the leaders in the number of park acres per thousand residents. This is an important measure of the community's commitment to parks and open space. Lexington provides 20.6 acres per 1,000 residents compared to median of 12.2 acres for the other cities surveyed. Lexington also allocates substantially more resources to its

parks system than the comparable cities and counties. The median spending on parks for the cities listed is \$71 per resident compared with \$99 per resident for Lexington.

The Trust for Public Land outlines in its publication what they considered the following seven measures of an excellent city parks system:

1. A clear expression of purpose.
2. Ongoing planning and community involvement.
3. Sufficient assets in land, staffing, and equipment to meet the systems goals.
4. Equitable access.
5. User satisfaction.
6. Safety from physical hazards and crime.
7. Benefits for the city beyond the boundaries of the parks.

Lexington's park system compares well when evaluated with the detailed elements for each of these major factors. However, the division has an opportunity to make substantial improvements in measures 1, 2, and 5 (cited above) through the update of its master plan which is scheduled for 2008. The new master plan should place emphasis on clearly articulating the mission, vision and core services for the division. The plan should outline a proposed funding strategy for the division which includes a greater reliance on non-General Fund revenues. There is also an opportunity to improve the collection and use of data from customers to better meet their key expectations and to measure the performance of the division.

The following findings and recommendations apply to the Division of Parks and Recreation.

Management Structure

A review of the division's organization chart shows that there is limited span of control for existing managers. Currently, all three Enterprise, Recreation-Programming, and Recreation-Special Programs superintendents have highly similar responsibilities: managing recreation programs.

The Special Programs superintendent and Planning and Design superintendent positions are responsible for fewer positions and resources than is typical for a superintendent position in a city the size of Lexington. Table H6 below shows the number of direct reports for each superintendent position.

TABLE H6: PARKS AND RECREATION SUPERINTENDENT DIRECT REPORTS

Position	Number of Direct Reports
Enterprise Superintendent	3
Recreation-Programming Superintendent	4
Recreation – Special Programs Superintendent	3

By eliminating two of these superintendent positions and consolidating responsibilities, there will be cost savings which can be used, in part, to add a management analyst position to the Director's Office in order to increase management analysis support. Each superintendent also has an administrative specialist, which would be eliminated by consolidating responsibilities with the remaining superintendents.

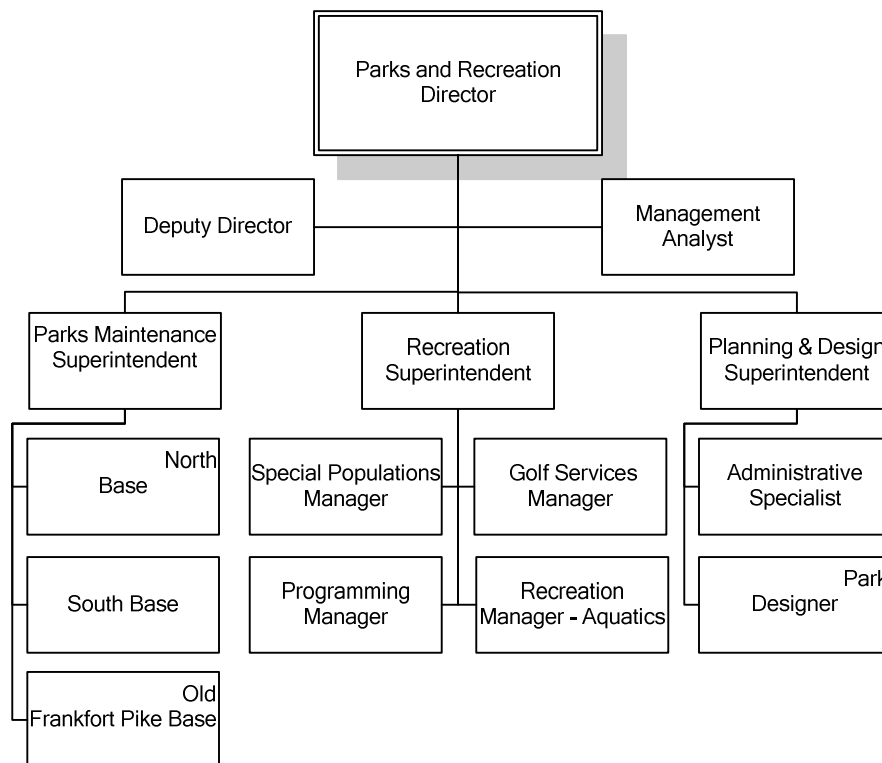
The Deputy Director position is currently vacant, which allows the director to adjust assignments and responsibilities to accommodate the recommended reorganization.

Recommendation H49: Eliminate two of the superintendent positions and each of their administrative specialists and consolidate responsibilities with the remaining superintendents. Their responsibilities can be consolidated with the remaining superintendents.

Recommendation H50: Create a management analyst position to report to the director. Implementation of both recommendations will result in annual savings of approximately \$180,000 in salaries and benefits.

Figure H8 shows the proposed organization chart of the new Parks and Recreation Division.

FIGURE H8: PROPOSED PARKS AND RECREATION ORGANIZATION CHART



Reallocating current staff and budgets will result in the following arrangement, as shown in Table H7 below.

TABLE H7: REALLOCATED PARKS AND RECREATION STAFF AND BUDGETS

Current Division Organization	FTEs	Budget
Maintenance	102	\$8,001,710
Recreation - Special Programs	20	\$1,119,660
Recreation - Programming	18	\$2,518,430
Enterprise	38	\$6,159,910
Planning & Design	5	\$ 669,110
Proposed Division Organization	FTEs	Budget
Maintenance	78	\$7,172,536
Recreation	72	\$9,558,000*
Planning & Design	3	\$ 549,000**

*\$60,000 transferred to Administration to create an Analyst position

** Positions and funds transferred to Public Works & Development

To put these consolidated numbers into perspective, the City of Aurora, Colorado is about the same size as Lexington, and only has one recreation superintendent that is responsible for 69.3 FTEs and a total

budget of \$10,300,602; this is very similar to the recommended Lexington organization.

Capital Projects Process

A key component to any parks and recreation operation is the timely execution of the construction of new facilities and capital projects. Parks and Recreation manages a large annual capital improvement program with multiple sources of funding. Parks and Recreation capital projects include a mixture of both purchased items and design/construction projects. Replacement value of the capital assets under Parks and Recreation's jurisdiction is estimated to be approximately \$91.5 million.

In Lexington, capital project management is behind schedule; Parks and Recreation is currently working on numerous projects carried over from prior budget years. The current five-year CIP includes \$21 million in proposed projects. The current capital projects schedule includes 85 projects with a total value of \$8.1 million. The majority of these projects (70%) have a budget of less than \$50,000. The nature of these small projects increases the cost of project planning design and construction. Many of the projects also involve an extensive neighborhood review process. New projects are routinely added as a part of the annual budget process rather than a programmed five-year CIP process. Project design may be performed by Parks and Recreation staff or contracted if staff lacks the necessary expertise.

Based on the development of a process map (see Attachment H-10) and interviews with staff, Management Partners identified several key opportunities to improve the process. According to staff, the design and construction contract selection process is cumbersome and creates delays through the required review and approval process, particularly with respect to purchasing. The early purchasing cut-off date and late budget re-appropriation process causes project funds to be unavailable for up to five months per year. Purchasing thresholds are restrictive for capital projects, requiring quotes over \$1,000 and formal quotes over \$5,000; because park projects are almost all capital, Parks and Recreation does not undertake anything under \$1,000 and most are over \$5,000 – formal bids can take six weeks to two months to complete and obtain the necessary approvals to begin work.

Due to a City requirement that the Council must approve contract change orders, it can take four to six weeks for them to be processed, significantly delaying work. In many cases, the project is completed before the change order is approved which, in turn, holds up final payment; in other cases, it can stall project progress and cost the City a remobilization fee.

The Parks and Recreation project schedule list includes a number of projects carried over from previous budget years, showing that project throughput and delivery is not maximized.

Recommendation H51: Centralize capital project management requiring preparation of plans and specifications, bidding and construction management in Public Works and Development. With as many as 85 individual projects scheduled annually, the Parks and Recreation CIP represents a complex project management challenge. A primary role of the Department of Public Works and Development is to manage capital projects. One of the park designers and the project coordinator from the Parks Planning and Design section, will be assigned to the Capital Projects Division to assist with implementation of Parks and Recreation projects. This recommendation needs to be coordinated with recommendation J2 which establishes a new division in Public Works and Development dedicated to managing capital projects for the entire organization.

Recommendation H52: Review and re-appropriate budgeted and funded CIP projects prior to purchasing cut-off date.

Recommendation H53: Develop a process to award contracts exceeding administrative approval limits to successful bidders within 30 days of selection. This will require amendments to Council policy.

Recommendation H54: Approve change orders administratively to the recommended bid-opening threshold limits of \$10,000 or 10% of the contract, whichever is greater.

Recommendation H55: Establish a "small works roster" of pre-qualified designers and contractors for small parks capital projects. These pre-qualified firms could be selected through a streamlined proposal process to design or construct small capital projects under \$50,000. Seventy percent of the current CIP projects fall below that threshold.

Recommendation H56: Develop and adopt a five-year Parks and Recreation CIP. The CIP will schedule each approved project over the five-year plan. This will allow the City to program and prioritize parks capital projects in a five-year schedule which is reviewed annually. This recognizes that capital projects require several years to plan and complete.

Parks Building Maintenance

Based on field research, no single organizational unit in Lexington is responsible for managing the facilities held by the City. Given the size of the City's assets, this presents an opportunity for economies of scale. The

maintenance responsibility for these facilities has been subdivided into four separate departments, Building Maintenance in General Services, Parks and Recreation, Fire, and Sanitary Sewers; the approach to building maintenance varies among them. This is not a best practice.

Creation of the new division will require additional resources, however considering the significant value of the facilities owned by the City and the opportunities for savings the new expenditures will be offset in a short payback period.

Furthermore, it is unknown how much total square footage is maintained by the City. The City owns between 544 and 574 buildings. There are more than five different real property and facilities lists maintained by the government, none of which are complete. Depending on which list is consulted, Fire Station 14 is located at either 1528 or 1530 Roanoke Rd. Similar addressing questions exist with other buildings as well.

During the course of additional research in Facility Management best practices, a pattern of fundamental and specific practices and structures that high performing municipalities routinely utilize was identified.

All best practice communities surveyed had the building maintenance function within a Building/Facilities Management Department. While this function can have a variety of responsibilities, it is an accepted best practice to have asset maintenance functions centralized. This allows for greater cooperation, streamlined service delivery, which is ideally delivered at a lower cost to the government.

Recommendation H57: Transfer the appropriate responsibilities From the Parks Maintenance division to the newly created Facilities and Fleet Management Division. See table HX for a detailed list of employees who will be affected by this, and other recommendations in the Parks and Recreation section of the report.

Staff Locations

Currently, the division's administrative staff members are located in multiple buildings, which have a negative impact on communication and, potentially, morale.

Some facilities, such as offices in community centers, are inadequate. There is a visible difference in the quality of the administrative buildings, which can potentially lead to morale issues. More importantly, having administrative staff located together in one building will foster better communication, among each other, but also with the director.

The Parks and Recreation Director has identified a potential building adjacent to the current administrative offices which might be suitable to house the administrative unit.

Recommendation H58: Consolidate administrative staff into one building.

Recreation Fees

The Park and Recreation Division operate many of its programs using enterprise funds. Traditionally, enterprise funds are self-supporting “mini-businesses” within the City, with revenues required to match or exceed expenditures. However, in Lexington, several enterprise programs are being subsidized by the General Fund (meaning that the “business” is not staying afloat). The only program that is entirely self-funded is the Extended School Program (ESP); all other programs (including golf) are subsidized.

In FY08, the total budget for the Parks and Recreation Division is \$21 million with revenues of \$4.5 million. This requires a net General Fund appropriation of \$16.5 million or approximately 78% of the total budget.

Lexington's recreation fee revenue (excluding golf, which should be separated as an Enterprise Fund), as noted in Table H5 below was \$1.3 million in the most recent fiscal year. This amounts to \$4.78 per capita which is substantially lower than comparable cities and counties. In a 2006 survey of 125 cities and counties, the International City/County Management Association (ICMA) reported an average per capita non-golf recreation revenue of \$13 per capita. Although it may be necessary to increase recreation revenues gradually in Lexington, if the City collected fees at the average level of the cities in the ICMA survey, the division would generate an additional \$2.2 million annually.

One approach defined in the policies of many best practice cities is to establish a maximum dollar amount for the General Fund subsidy of the recreation program. Currently, the \$1.3 million in annual recreation revenues represents 35% of the total recreation expenditures. The \$2.3 million remainder is provided by the General Fund. There is no standard amount of General Fund support that fits every community. The appropriate standard depends on policy objectives of the Council and an assessment of who benefits from recreation programs. In most cities, as competition for General Fund resources for basic city services increases, user fees that support specific users such as recreation programs are increased in order to reduce General Fund support. The primary advantage of establishing a standard for the General Fund support of the recreation program is that it establishes a stable level of support for the program, limits increases in General Fund support, and encourages recreation managers to plan and implement recreation programs that attract enough participants to generate adequate revenues to support new programs or services.

Table H8 below shows total budget and revenues per capita for some of the City's enterprise funded recreation programs.

TABLE H8: REVENUES FOR ENTERPRISE FUND RECREATION PROGRAMS

	Revenues	Per Capita Revenues
Golf	\$3,261,107.42	\$ 11.83
Swimming	\$ 490,848.31	\$ 1.78
Recreation	\$ 434,836.89	\$ 1.58
Rental	\$ 215,836.50	\$ 0.78
Concessions & Vending	\$ 129,698.81	\$ 0.47
Jacobson Marina	\$ 22,881.00	\$ 0.08
Total	\$4,555,208.93	\$ 16.52

The division is aware of the relatively low revenue recovery and convened a subcommittee of Council members, accountants, representatives of Parks and the Commissioner of General Services to review and address the issue. The subcommittee met several times over a three month period with the goal to update the current fee structure in order to charge in accordance with community benefits, recover costs where appropriate, and bring costs and revenue closer into alignment.

In February 2000, the Parks and Recreation Division presented recommendations for changes to fees and charges to the Lexington-Fayette Urban County Council, which must approve any amendments to the fee structure. The Council approved the policy and recommended fee increases at that time. However, there have been no recreation fee increases approved since the spring of 2004. Consequently the fee levels for recreation have followed substantially below approved policy cost recovery levels.

Table H9 below shows adopted cost recovery schedules for various parks and recreation programs.

TABLE H9: PARKS AND RECREATION COST RECOVERY SCHEDULE

Fee Category	Who Benefits?	Cost Recovery Structure
Public Services	Entire Community	Charge no fees - subsidize all costs
Community Center Programs		
Free Public Activities		
Merit Services	Participants Maybe Others	Recover 50-70% of direct costs
Youth Sports		
Nature Walks		
Swimming Admission		
Therapeutic Recreation		
Swim Lessons		Recover all direct costs
Special Events		
Community Center Gym / Meeting Rooms		
Pedal Boat Rentals		
Private Services	Only Participants	Recover all direct and indirect costs
Adult Sports		
Adult Classes		
Camps		
Extended School Program		
Athletic Rentals		
Pool Parties		
Showmobile		
Houses For Rent		
Facility rentals/park reservations for youth activities		
Commercial Use of Facilities	Only Participants	Recover all costs plus a profit
Tournaments		
Facility Rentals to Adults		

Recommendation H59: Decrease the General Fund subsidy for enterprise programs.

Recommendation H560: Increase recreation fees immediately to be consistent with the current policy.

Recommendation H61: Revise the recreation fee policy to establish an annual not-to-exceed amount for the General Fund support of recreation programs and encourage recreation managers to provide innovative programs that generate additional revenue.

Recommendation H62: Revise the recreation fee policy to provide for approval of Parks and Recreation fees administratively by the Commissioner of General Services. Proposed fee increases will be reviewed and recommended by the Parks Advisory Board.

Golf Program

The golf program in Lexington is not a self-supporting enterprise fund and there is no equipment replacement plan in place. The General Fund provides a \$1.6 million subsidy for golf services (including \$1,152,297 in debt service). Golf equipment is replaced not on a life-cycle cost model, but instead only when money is available from the General Fund in the City's annual budgeting process.

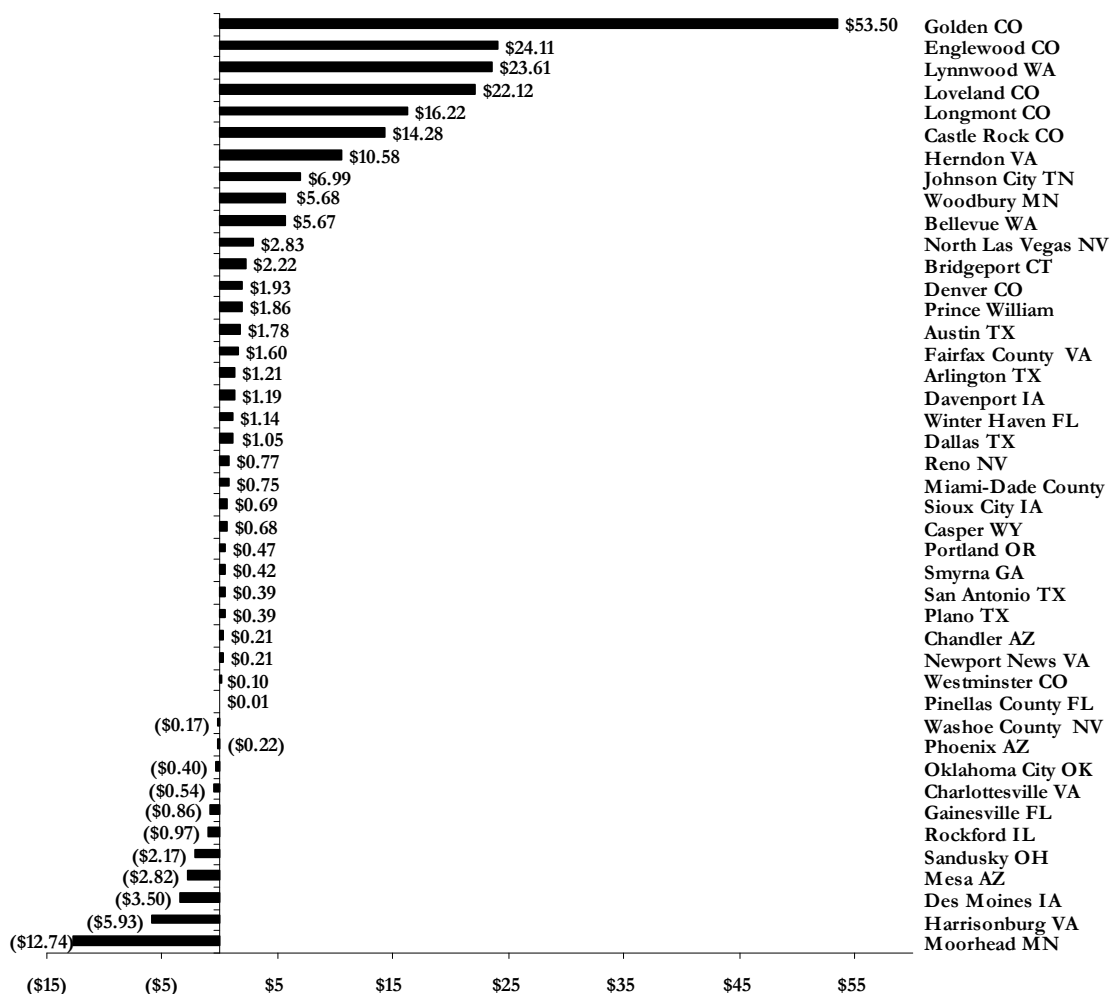
Table H7 below shows the expenses (excludes capital) and revenues for Lexington's six golf courses. As can be seen, only two earned a profit in FY07, while the other four lost money, leading to an overall operating loss for golf operations of \$447,703. Overall Lexington loses \$3.21 per golfer. The figures in Table H10 are strictly operating costs and do not include debt service.

TABLE H10: FY 200707 GOLF COURSE EXPENSE REPORT ENDING JUNE 30, 2007

	<u>Lakeside</u>	<u>Tates Creek</u>	<u>Avon</u>	<u>Meadowbrook</u>	<u>Kearney</u>	<u>Picadome</u>	<u>TOTAL</u>
Number of Golfers	33,736	33,678	8,601	14,092	25,005	24,241	139,353
Expenses							
Personnel	\$ 512,470	\$ 461,180	\$ 94,470	\$ 138,550	\$ 661,630	\$ 495,410	\$ 2,363,710
Operating	\$ 187,130	\$ 206,350	\$ 52,520	\$ 43,580	\$ 272,120	\$ 234,940	\$ 996,640
Sub-total	\$ 699,600	\$ 667,530	\$ 146,990	\$ 182,130	\$ 933,750	\$ 730,350	\$ 3,360,350
Cost of goods sold	\$ 95,520	\$ 90,452	\$ 7,522	\$ 6,585	\$ 90,396	\$ 57,785	\$ 348,260
TOTAL	\$ 795,120	\$ 757,982	\$ 154,512	\$ 188,715	\$ 1,024,146	\$ 788,135	\$ 3,708,610
Expenses per Golfer	\$ 23.57	\$ 22.51	\$ 17.96	\$ 13.39	\$ 40.96	\$ 32.51	\$ 26.61
Revenues							
TOTAL	\$ 829,296	\$ 761,662	\$ 125,092	\$ 111,947	\$ 847,088	\$ 585,823	\$ 3,260,907
Revenues per Golfer	\$ 24.58	\$ 22.62	\$ 14.54	\$ 7.94	\$ 33.88	\$ 24.17	\$ 23.40
Profit / (Loss)							
TOTAL	\$ 34,176	\$ 3,680	\$ (29,420)	\$ (76,768)	\$ (177,058)	\$ (202,312)	\$ (447,703)
Profit / (Loss) per Golfer	\$ 1.01	\$ 0.11	\$ (3.42)	\$ (5.45)	\$ (7.08)	\$ (8.35)	\$ (3.21)

As a comparison with the operating results of other city-owned golf courses, the ICMA data listed in figure H11 below shows per capita net revenues for other cities nationwide. Currently Lexington has a net operating loss per capita of (\$1.65) which places Lexington substantially below average in these comparisons of net operating results

FIGURE H11: NET REVENUES PER CAPITA FOR GOLF IN OTHER CITIES (NOT INCLUDING DEBT SERVICE)¹

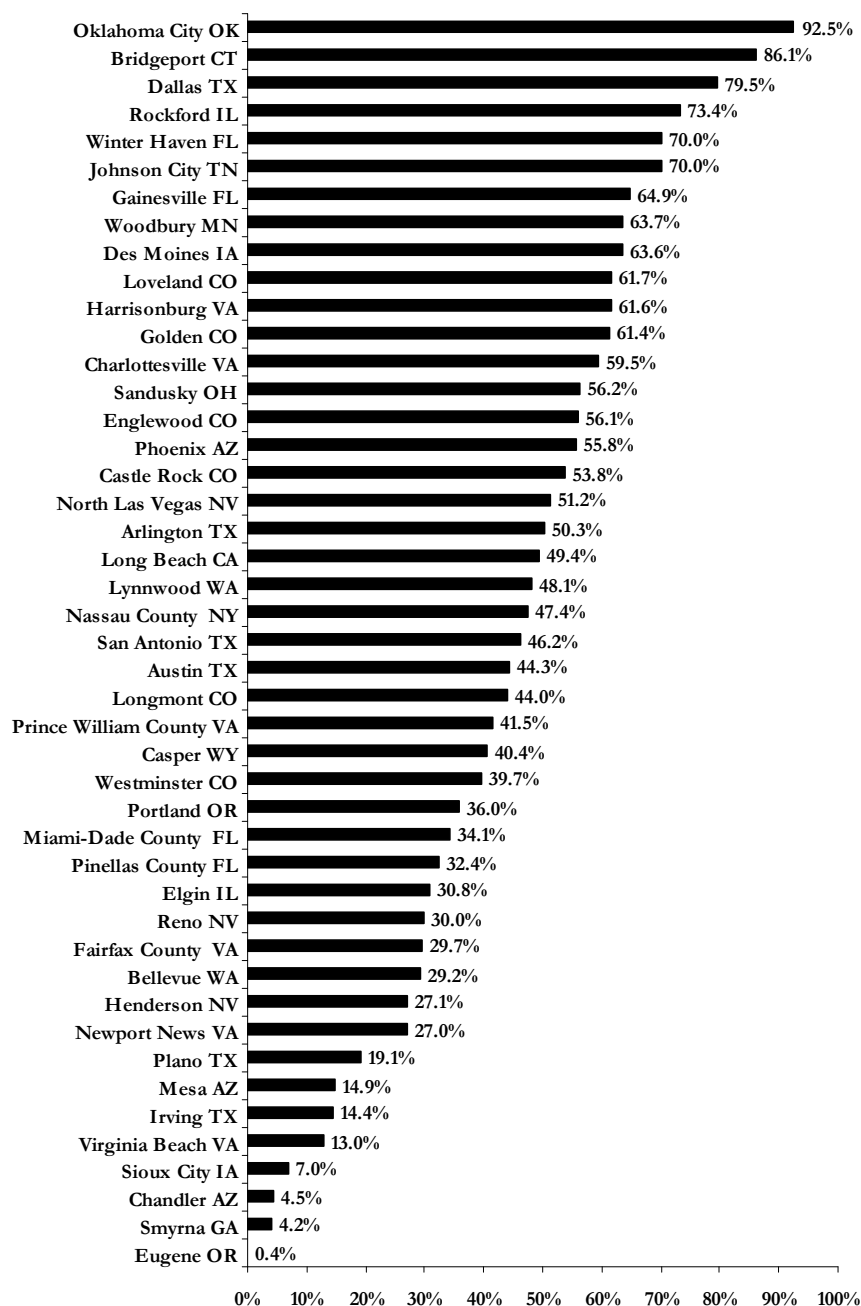


Similarly, ICMA data in Figure H12 below shows the percentage of total recreation revenues for which golf revenues account in other cities. By way of comparison, in Lexington, Golf Services revenues account for 71.6% of total revenues. These data show that Lexington receives a

¹ ICMA Center for Performance Measurement, *ICMA Comparative Performance Measurement Report FY2006 Data Report* (Washington, D.C. : International City/County Management Association, 2006), 461.

comparatively small amount of non-golf revenue as a total of all recreation revenue.

FIGURE H12: GOLF SERVICES REVENUES AS PERCENT OF TOTAL RECREATION REVENUES²



² ICMA Center for Performance Measurement, *ICMA Comparative Performance Measurement Report FY2006 Data Report* (Washington, D.C. : International City/County Management Association, 2006) 463.

Since golf is specialized and an optional recreation program, most best practice cities operate golf as a true enterprise fund, charging user fees which are sufficient to fund the operation. In addition, they create a long-range plan for capital investment and renovation in order to ensure that the costs of these undertakings are built into the user fee structure.

Recommendation H63: Establish an enterprise fund for golf services. Implementing recommendations for the golf program in this report should eliminate the general fund subsidy of the golf fund. If, however, the golf program is unable to eliminate the subsidy within 18 to 24 months the City should evaluate contracting management and operations of the City's golf assets.

Recommendation H64: Create an equipment replacement plan and dedicated funding for replacement of golf equipment.

Recommendation H65: Increase golf fees to fully recover costs. By allowing the General Fund to subsidize golf operations, the City is forcing non-golfers to pay for the recreational endeavors of golfers.

Recommendation H66: Reduce costs by contracting course maintenance

Recommendation H67: Increase golf capital improvement funding to cover renovation of courses and facilities.

Under-Utilized Recreation Facilities

The City currently owns and operates nine community swimming pools, including some new, more modern aquatic centers. Since the aquatic centers have opened, all of the smaller pools have experienced poor annual attendance. A tenth pool, the Avon Pool, was recently permanently closed.

Table H13 below shows the expenses and revenues for the nine pools, in decreasing order by attendance. As can be seen, the Southland pool had more than 33 times the attendance of the Picadome pool in FY07.

TABLE H13: FY07 SWIMMING EXPENSE REPORT ENDING JUNE 30, 2007

	<u>Southland</u>	<u>Woodland</u>	<u>Tates Creek</u>	<u>Shillito</u>	<u>Castlewood</u>	<u>Douglass</u>	<u>Constitution</u>	<u>Berry Hill</u>	<u>Picadome</u>	<u>Total</u>
Attendance	73,950	43,846	31,618	17,796	12,442	9,534	6,850	6,472	2,203	204,711
Expenses										
Total	\$ 115,820	\$ 118,500	\$ 95,320	\$ 61,670	\$ 76,220	\$ 31,223	\$ 41,360	\$ 43,320	\$ 14,280	\$ 597,713
Expenses per Swimmer	\$ 1.57	\$ 2.70	\$ 3.01	\$ 3.47	\$ 6.13	\$ 3.27	\$ 6.04	\$ 6.69	\$ 6.48	\$ 2.92
Revenues										
Total	\$ 184,176	\$ 118,345	\$ 92,680	\$ 38,173	\$ 28,842	\$ -	\$ 10,689	\$ 14,069	\$ 2,396	\$ 489,370
Revenues per Swimmer	\$ 2.49	\$ 2.70	\$ 2.93	\$ 2.15	\$ 2.32	\$ -	\$ 1.56	\$ 2.17	\$ 1.09	\$ 2.39
Profit / (Loss)										
Total	\$ 68,356	\$ (155)	\$ (2,640)	\$(23,497)	\$ (47,378)	\$(31,223)	\$ (30,671)	\$(29,251)	\$(11,884)	\$(108,344)
Profit / (Loss) per Swimmer	\$ 0.92	\$ 0.00	\$ (0.08)	\$ (1.32)	\$ (3.81)	\$ (3.27)	\$ (4.48)	\$ (4.52)	\$ (5.39)	\$ (0.53)

Pools are important to the community but also very expensive to operate. Valuable resources are being used to operate and maintain pools in Lexington that are not being utilized by many residents.

Recommendation H68: Close the Constitution, Berryhill, Douglass, and Picadome public swimming pools. Closing these four pools would save the City almost \$100,000 per year – money that could be reinvested into alternative recreation programming in the same neighborhoods that better meets the interests of the communities – and residents could still utilize the remaining City pools.

Special Events

Parks and Recreation staff indicates that special events constitute a substantial part of their workload. However, currently there is no method for tracking how much special events actually cost the City.

It is essential to understand how much special events are costing, in order to set appropriate priorities for allocation of scarce resources. Special events are important to community pride and identity, but cannot be continued without full knowledge of the costs so that policymakers can make informed choices.

Recommendation H69: Inventory and identify costs for special events and prioritize them during the budget process. As with all other expenditures, special events should be reviewed on a regular basis as to cost and necessity as part of the annual budget process.

Franchise Fields

As in most cities, Lexington's Parks and Recreation Division allow sports franchises such as soccer and Little League to use City-owned fields. There is a visible difference in quality between franchise and non-franchise fields, although this is explained by volunteers from franchise leagues taking many hours of time to groom and prepare the fields to make them better looking.

This leads to concerns about potential favoritism by the City towards the franchise groups. In addition, there is confusion regarding the policies of franchise field use. There is a perception by Parks and Recreation Division staff that the use of franchise fields by the general public is inappropriately limited.

Recommendation H70: Examine contracts with franchise leagues to determine if the revenue generated is appropriate for the level of service received.

Recommendation H71: Rewrite and communicate community franchise field use policies so they are clear.

Parks and Recreation Marketing

Due to conflicts between staff in the past, the Division's marketing and communication efforts were split. Marketing responsibilities are now divided between an organizational unit in the Enterprise Section and one in the Recreation Section, each reporting to different superintendents.

Best practice research indicates that a coordinated marketing and communication plan is essential for an effective Parks and Recreation division. Consolidating marketing staff into one organizational unit will ensure better communication and efficiency, with less likelihood of duplicated or conflicting efforts.

Recommendation H72: Consolidate the marketing and communication functions of the Parks and Recreation Division into the City-wide marketing and communications unit recommended elsewhere in this report.

The staffing changes in Parks and Recreation are summarized in Table H14 below.

TABLE H14: PARKS AND RECREATION RECOMMENDED PERSONNEL CHANGES

Division of Parks and Recreation				
Position	Action	FY 2008 Salary	Benefit Rate	Total
24 positions transferred from parks operations	*Transferred Out	\$669,769	23.80%	\$829,174.02
Public Information Officer	*Transferred Out	\$50,352	23.80%	\$62,335.78
Public Information Officer	*Transferred Out	\$47,287	23.80%	\$58,541.31
Recreation Manager - Graphics	*Transferred Out	\$37,320	23.80%	\$46,202.16
Park Designer	*Transferred Out	\$47,227	23.80%	\$58,467.03
Project Coordinator	*Transferred Out	\$48,312	23.80%	\$59,810.26
Graphics Assistant	*Transferred Out	\$25,724	23.80%	\$31,846.31
Staff Assistant - Graphics	*Transferred Out	\$33,179	23.80%	\$41,075.60
Program Supervisor - Tubby's clubhouse	**Transferred In	\$58,411	23.80%	\$72,312.82
2 Recreation Superintendent's	Eliminated	\$132,176	23.80%	\$163,633.89
2 Administrative Specialists	Eliminated	\$94,195	23.80%	\$116,613.41
Administrative Analyst	Created	\$40,000	23.80%	\$49,520.00
Total Savings				\$230,727.30
* Because these position were transferred out of the division, government-wide cost savings are not experienced				
** Because these position were transferred into the division, government-wide costs are not experienced				

Conclusion

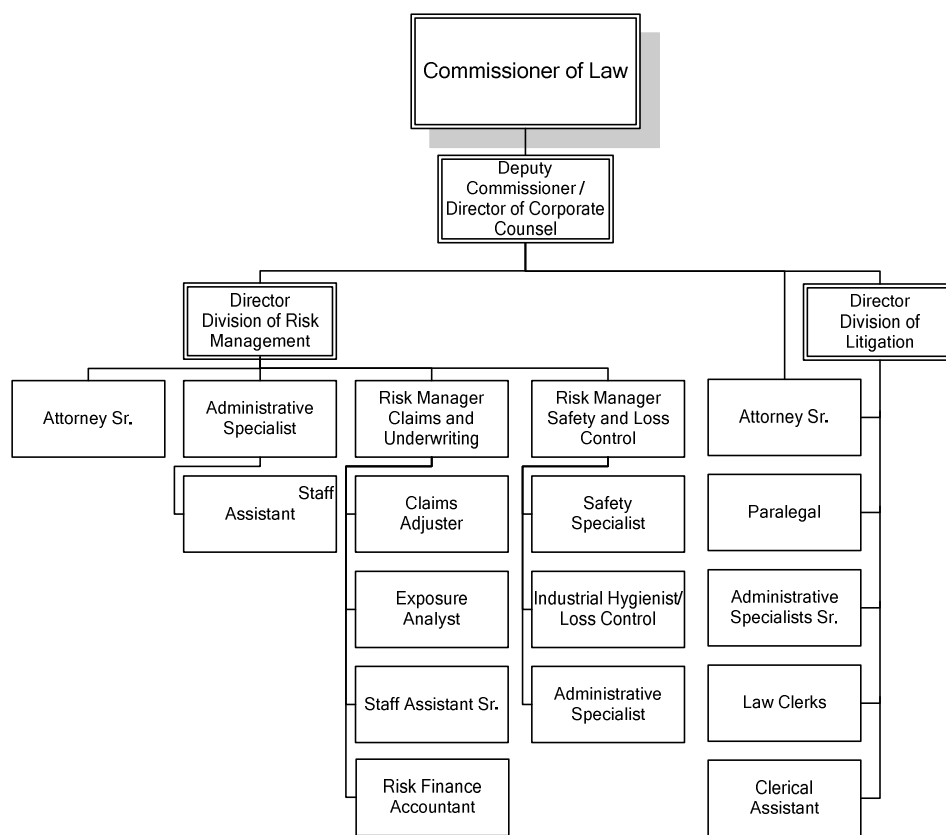
The General Services Department will benefit from streamlining its organizational structure in a variety of ways throughout all of its divisions. The City can eliminate under-utilized fleet vehicles and provide transportation through a variety of alternative means including reimbursement of employee use of personal vehicles and agreements with rental car agencies. Parks and Recreation can reduce General Fund subsidies of user fee programs such as golf by making them true enterprise funds and passing true costs of the programs on to users. Improving the parks capital projects process, closing under-utilized facilities, and creating a consolidated facilities and asset management program will all improve the City's bottom line and help to ensure the most efficient use of scarce resources.

I. DEPARTMENT OF LAW

The Department of Law provides legal support, representation, advice and risk management services on behalf of the City. The department is administered by the Commissioner of Law, who is appointed by the Mayor. The department has 38.7 FTEs working in the three divisions listed below, under the supervision of the Commissioner of Law, and as shown in Figure I1.

- Risk Management
- Corporate Law
- Litigation

FIGURE I1: DEPARTMENT OF LAW ORGANIZATIONAL STRUCTURE



The budget for the three divisions and the contribution to the self-insurance fund for FY08 is \$11,649,820, an increase of 32.3% over the department's FY07 budget due, in part, to the addition of the Division of Risk Management to the department and an increase in the amount required by actuaries to cover claims in the City's self-insurance fund.

Division of Risk Management

The Division of Risk Management provides risk management services for the City and is administered by the Director of Risk Management. In addition to administration of the division, discrete programs are Claims and Underwriting, Safety and Loss Control, Contract Review and Risk Management Accounting, with the last two programs consisting of one employee each. Primary responsibilities of the division include:

- Administering the risk and insurance programs, including oversight of the City's self-insurance program
- Contract review
- Safety and loss control
- Employee safety training
- Administration of risk and insurance programs
- Maintenance of inventories for insurable properties and equipment
- Identification, measurement, and treatment of risk and performance of loss control audits

The FY08 General Services Fund budget for the Division of Risk Management is \$9,245,560, an increase of 39.3% over last year, due in part to an increased contribution to the self-insurance fund to cover potential City liability.

In July 2007 the Division of Risk Management was transferred from the office of the Chief Administrative Officer to the Department of Law. All employees and responsibilities of the division were transferred to the Department of Law and placed under the supervision of the Commissioner of Law. Since the division operated as a complete functional unit under the Chief Administrative Officer handling all aspects of risk management, the division's complement of employees continues to include individuals with skill sets generally found in, and supervised by, other divisions within the City.

The following findings and recommendations apply to the Division of Risk Management.

Risk Management Operations

The Division of Risk Management has several important components which can be divided into two main categories: the legal aspects relating to claims management and review of contracts, and the matters which directly relate to employee actions, safety, health, work conditions, and loss analysis. While the legal aspects logically reside within the

responsibilities of the Law Department, the employee related components more directly relate to the functions performed in the Human Resources Division and other units of the Finance Department and the General Services Department.

Risk Management was for many years a separate division under the supervision of the Chief Administrative Officer drawing personnel of various skills together with a single mission of reducing the City's risk. As a result, the division had an attorney, an accountant, employee trainers, analysts, safety specialists, and environmentalists on staff.

When the divisions under the Chief Administrative Officer were transferred to various departments earlier this year, the Division of Risk Management was transferred to the Department of Law. In addition to claims management and contract review which relate to the legal functions of the office, the Commissioner of Law also became responsible for building inspections for insurance coverage, risk loss analysis, safety training for employees, auditing and many other duties that bear no direct relationship to the mission or expertise of the Department of Law.

The Department of Law's mission is to provide legal advice, counsel, representation and assistance to the City through legal professionals. Maintaining a separate Division of Risk Management under the supervision of the Department of Law which includes the non-legal components and duplicates the types of services provided by other departments is an inefficient and costly use of legal resources, training and expertise of the department to supervise staff in areas competently covered by other departments. Risk and safety responsibility are often placed in Finance or Human Resources departments, while claims are frequently a function of the legal departments as the precursor to potential litigation.

A comparison with benchmark Risk Management divisions was inconclusive because the various functions performed by this stand-alone division were incorporated in many instances into other departments; however, it appears that given the use by Lexington-Fayette Urban County Government of third party administrators for management of the claims functions, staffing levels of the division were higher than comparable staff levels in other jurisdictions.

The largest of the Lexington peer benchmark jurisdictions, for example, had a Risk Management Division in the Finance Department. They were responsible for identifying major exposures to accidental loss of assets, analyzing the exposures identified to determine the most cost-effective risk management techniques to minimize the risks, determining the most cost effective funding mechanism to pay for losses, processing all claims, largely by supervising third party claims administrators and reviewing professional and personal service contracts to ensure that appropriate risk control measures are in place and that contractors' insurance expiring during the life of the contract is renewed. The division contracts for

actuarial services, secures insurance when necessary, and administers a subrogation and property damage recovery program. Only five positions were specifically identified as risk management classifications: risk management analyst, risk management supervisor and three risk management technicians.

Recommendation I1: Separate the functions now contained in the Division of Risk Management into two separate components. They should be separated according to legal functions relating to claims and litigation, and non-legal functions which are primarily related to employees and internally focused on protecting the human resources and financial assets of the City.

Recommendation I2: Retain under the supervision of the Commissioner of Law the legal aspects of claims management and settlements, coordination of litigated claims with external counsel, third party administrator contract negotiation and monitoring, management of the insurance program and contract review and administrative support for those functions.

Recommendation I3: Eliminate the risk finance accountant position. Accounting and audit functions are provided in the Accounting Division of the Finance Department and there is no longer a need for the position to exist.

Recommendation I4: Eliminate the exposure analyst position. Inspection of City buildings for exposure to risk can be accomplished within the building inspection program of the Real Estate Asset Management Division and responsibility for claims investigation and risk identification is the subject of third party administrator contracts.

Recommendation I5: Eliminate the vacant safety specialist position. The responsibilities formerly assigned to the position can be merged into the existing safety and risk loss positions.

Recommendation I6: Transfer remaining division personnel performing employee-oriented functions into the Finance Department in a Risk Management division. Some of the tasks to be transferred include employee training, job safety, safety standards and working conditions, identification of risk exposure, loss prevention and loss control. Transfer an administrative specialist and a staff assistant to support these functions and to assume the in-house responsibilities for services

previously provided by contract to the division by an insurance consultant/broker.

Recommendation I7: Evaluate whether there is a duplication of the claims adjuster services provided through existing contracts with third party administrators. If duplication exists, eliminate the position of claims adjuster in the Risk Management Claims section.

Recommendation I8: Transfer the attorney senior position (formerly risk management contract specialist) to one of the legal services divisions in the Department of Law.

Total position savings achieved by implementing the following recommendations related to the Risk Management Division of the Law Department is summarized in Table L1 below:

- Elimination of the Risk Management Accountant position resulting from consolidating accounting functions in Finance Department.
- Elimination of Exposure Analyst position resulting from consolidation of inspection functions in the Real Estate Asset Management Division and duplication of services provided by third party administrator contract.
- Elimination of the vacant Safety Specialist position resulting from consolidation of functions within Risk Management Division.
- Eliminate Claims Adjuster position resulting from duplication of services provided by third party administrator contract.

TABLE I1: DEPARTMENT OF LAW POSITION SAVINGS

Position	FY 2008 Salary*	Benefit Rate	Total
Risk Finance Accountant	\$44,023.20	23.8%	\$54,500.72
Exposure Analyst	\$47,361.60	23.8%	\$58,633.66
Safety Specialist	\$47,361.60	23.8%	\$58,633.66
Claims Adjuster	\$47,361.60	23.8%	\$58,633.66
Total Savings			\$230,401.7

**Salaries are midpoint of range*

Prior to the division's transfer to the Department of Law, the administration of third party administrator contracts, settlement authority, and recommendations for outside counsel were primarily the function of the Division of Risk Management under the supervision of the Chief Administrative Officer. With the responsibility for monitoring and oversight of claims and settlements now housed in the Department of Law, the Commissioner of Law has instituted a policy of reducing the use of outside counsel by increasing the litigation initially handled in-house,

except in extraordinary cases where specialized knowledge, significant resources or a conflict is involved and supplemental assistance is necessary.

The cost of outside counsel escalated from a five year average prior to 2002 of approximately \$245,000 to almost \$2,000,000 five years later. The Commissioner has reported that costs for outside counsel from Fiscal Year 2003 through 2007 amounted to approximately \$5.3 million for an average of over \$1 million per year. Currently there are several cases being handled by outside counsel which clearly fall into the extraordinary categories described above and have caused the payments to spike in 2007. However, even without the dramatic 2007 spike, the average cost of outside counsel for the previous four years was over \$775,000. Until the current cases are settled, the cost of outside counsel will continue to be high; however, the implementation of the new policy bringing more litigation in house should begin to reduce costs for more routine litigation matters.

Recommendation I9: Reduce the use of outside counsel on a case-by-case basis in favor of handling more litigation in-house. In-house counsel should be considered for cases that do not require specialized knowledge, will not use a disproportionate amount of resources or time, or do not involve conflicts of interest. As staff experience grows, the cost for outside counsel should decrease. Litigation experience will provide added depth, skill and opportunities for staff attorneys.

When the Division of Risk Management was moved from under the supervision of the Chief Administrative Officer to the Commissioner of Law, City ordinances were not amended. As a result, under the legislation, it appears that the Director of Risk Management may be given greater authority for settlement of claims by the Mayor than that given to the Commissioner of Law.

The insurance program for Lexington-Fayette Urban County Government is established by ordinance under a master contract which sets the insurance policy of the City for workers' compensation, general liability, automobile, property and miscellaneous claims. Authority is given to the Division of Risk Management to administer the contract and the Mayor or his designee is given the authority to settle or compromise claims in accordance with the contract.

Until recently, significant settlement authority was delegated to the Director of Risk Management and his subordinates: the Director of Risk Management had settlement authority up to \$50,000 and the Risk Manager of Claims had settlement authority up to \$25,000. The legislation also gives the Director of Risk Management the responsibility for the management of the self-insured retention fund which provides reimbursement for property and casualty losses not covered by insurance. The Mayor authorizes the hiring of outside counsel to

represent the City on property and casualty loss claims. Settlement recommendations prior to restructuring were made by the Division of Risk Management directly to the Mayor, sometimes in consultation with the Department of Law.

In contrast to the authority granted to the Division of Risk Management, the ordinances provide limited settlement authority to the Commissioner of Law in the amount of \$1,000. The ordinances do not provide that the Commissioner of Law, who is ultimately responsible for the litigation of lawsuits arising from claims that cannot be settled, has authority over his subordinates to settle or recommend settlement of most of the claims against the City.

In other jurisdictions, the authority to recommend settlement, or directly settle claims, frequently is exercised by attorneys under the theory that the attorneys responsible for ultimately litigating the claim are in the best position to assess the merit of the legal arguments of the claim and project likelihood of success. While the Department of Law was consulted in some cases prior to the transfer, the authority for settlements and recommendations primarily rested with non-attorney staff in the Risk Management division.

The responsibility for claims administration, the self-insurance fund, the coordination of settlement recommendations, the administration of the third party administrator contracts and the recommendations for settlement or hiring of outside counsel are appropriately delegated to the Commissioner of Law.

Recommendation I10: Amend City ordinances to articulate that the Commissioner of Law is responsible for claims administration, administration of the self-insurance retention fund, settlements and recommendations, determination of retention of outside counsel and the selection and monitoring of third party administration contracts.

Divisions of Corporate Counsel and Litigation

The Division of Corporate Counsel is established by charter to provide corporate legal services to the City. The division is administered by a Deputy Commissioner/Director of Corporate Counsel who is an attorney and is responsible for preparation of ordinances, resolutions, legal documents and the provision of legal advice and assistance to the Council, Mayor, boards, commissions and officers.

The Division of Litigation, also established by charter, is administered by a Director of Litigation who is an attorney and is responsible for representing the City in preparation and conduct of legal proceedings in

which the City is a party and pursuing the legal process for collection of moneys owed the City.

While carried separately on the organizational chart and in name, the Divisions of Corporate Counsel and Litigation have for several years operated together, with attorneys and administrative and legal staff support assigned to perform tasks in both divisions. The director of each division is responsible for division tasks and the supervision of employees while they are engaged in tasks for the division. A complement of 22.7 FTEs provides legal, paralegal and administrative support for the combined two divisions. The issues relating to office procedure, staffing and budget are therefore, unless otherwise noted, equally applicable to both divisions.

The budget for the two divisions is also merged, with an annual General Services Fund Budget in FY08 of \$2,404, 260, an increase of 10.9% over the last fiscal year to provide funds for electronic imaging for the Department of Law. Comparisons with the four benchmark jurisdictions closest in size to Lexington-Fayette Urban County Government show this budget to be on the low end of the range. At 22.7 positions, the staffing level is the lowest of the peer jurisdictions closest in size to Lexington (Madison, Wisconsin, Corpus Christi, Texas, Toledo, Ohio and the Unified Government of Wyandotte County-Kansas City, Kansas). Several of the cities, however, also contain a criminal prosecution component which the City does not have. There is no indication that the Department of Law is currently understaffed. A workload analysis could verify the appropriateness of staffing levels.

Because of this overlap of divisions, the recommendations offered below apply to both.

Departmental feedback and survey responses indicate that response time from the Department of Law does not always meet client expectations. Comments also indicate that communications can be incomplete or unresponsive to client needs when there are competing litigation priorities for attorney time, and report that work sent to the Department of Law goes into “a black hole.” Department employees indicate there is ambiguity as to the line of supervision and reporting for attorneys, and competing division priorities over their workloads. They also indicate that time is spent by administrative and paralegal support on tasks that could be more cost effectively and efficiently handled by personnel dedicated to clerical support.

The Divisions of Corporate Counsel and Litigation do not have separate staff, but for several years have shared the same support personnel and attorneys. Assignments are based on various criteria, including the departmental subject matter, the nature of the work, or the attorneys involved. Assignments to the attorneys may come from the Commissioner, the Deputy/Director of Corporate Counsel or the Director of Litigation and to the support staff by individual attorneys as well. The result is that support staff and attorneys are subject to different timelines

and competing priorities as they report to and are supervised by multiple supervisors. Time sensitive corporate requests may be delayed when attorneys are in litigation for several days meeting court imposed deadlines. While the concept of merged staffs provides a variety of work assignments for each employee and makes cross assignments possible, it does not provide a focused response in the two discrete areas of primary responsibility.

Restructuring the Department of Law would accomplish several goals:

- Provide a discrete group responsible for departmental communication and advice
- Clarify the reporting authority for support staff and attorneys
- have one person clearly accountable for the work product of the division
- Develop a team-oriented approach to specific services like collections
- Allow for cross training and co-assignments within a division for backup and training
- Begin succession planning
- Avoid competing priorities between corporate and litigation assignments
- Develop expertise in a more focused area, develop standardization within a division of similar or repetitive assignments
- Provide user departments with a specific and consistent contact for assistance
- Permit support staff assistance to focus on attorneys doing similar tasks for better scheduling and document production.

Recommendation I11: Provide the Commissioner with an administrative specialist, staff assistant and clerical assistant to perform general administrative, budget, receptionist and clerical functions in support of the department. To ensure maximum efficiency of staff use, the Commissioner should ensure that clerical duties are assigned to the appropriate staff. Support staff would have similarity of documents, deadlines and processes to improve responsiveness and service delivery to internal clients.

Recommendation I12: Separate the attorneys and support staff for the Divisions of Litigation and Corporate Counsel. Employees would have a single supervisor to set priorities and workload, monitor and evaluate performance, and assure timely response to customers. Litigation deadlines, which are set externally, would not affect corporate requests and council or departmental deadlines.

Recommendation I13: Restructure the Division of Corporate Counsel to have one director in charge of corporate advice and counsel. The director's responsibility is to assign tasks, set priorities, monitor workload and performance, redistribute work within the division as needed, facilitate departmental communication, and assure appropriate responses from a smaller, discrete group of employees. The director may also serve in the capacity of Deputy Commissioner. Assign insurance contract review currently done by Risk Management staff to this division. Staff the division initially with four attorneys, an administrative specialist, a paralegal and a law clerk, subject to reallocation of attorneys after a time study analysis.

Recommendation I14: Restructure the Division of Litigation to have one director in charge of litigation, administrative hearings, and claims settlement.

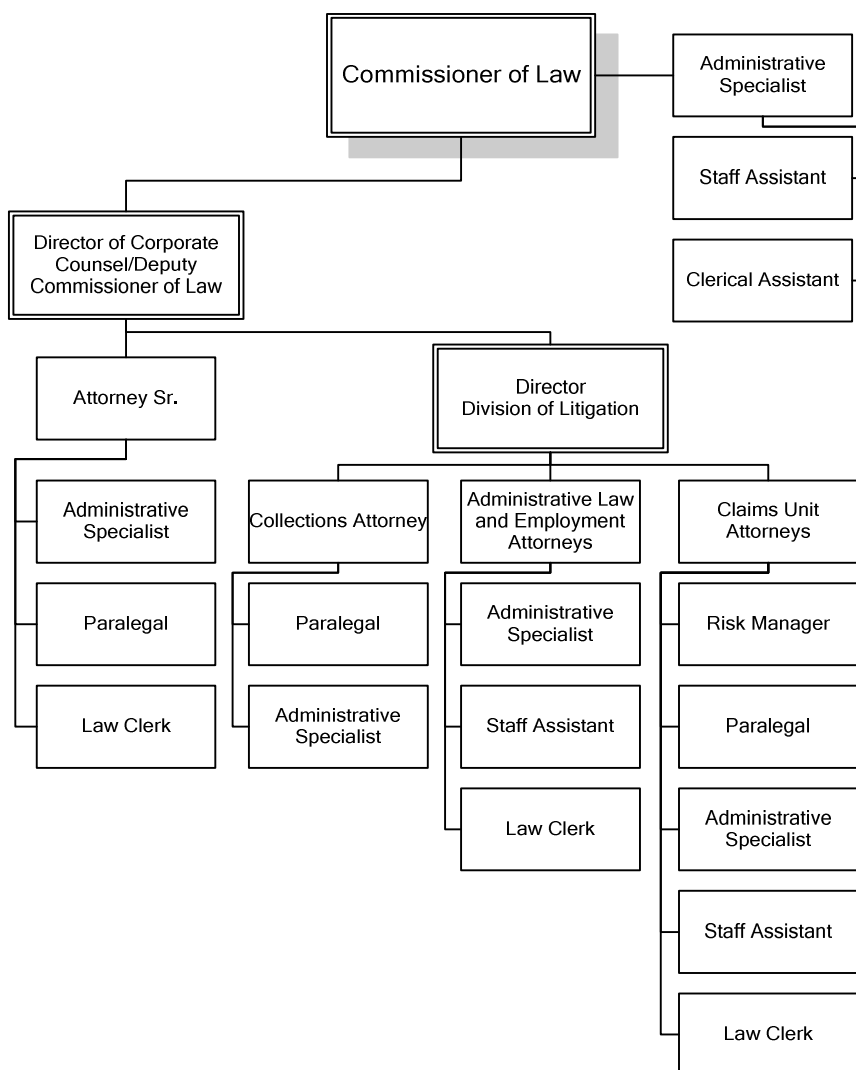
Recommendation I15: Create a separate Claims unit within the Division of Litigation. The unit will be responsible for claims and underwriting functions, relationships with third party administrator (TPA) contractors and monitoring TPA contracts, making a recommendation or determination as appropriate of settlement of claims, defense of litigation relating to external claims against the City such as personal injury, property damage, Section 1983 liability actions, or police conduct. The unit should be staffed initially with two attorneys, a risk manager for claims and underwriting, a paralegal, an administrative specialist, a staff assistant and a law clerk. Review and reallocate resources if necessary after a time study is completed. Attorneys would be able to develop expertise in specific areas of litigation with an opportunity to co-counsel and cross-train, while providing depth within the division for back-up in cases of absences or vacancies.

Recommendation I16: Create a separate Administrative Law/Employment Litigation unit and a Collections unit within the Division of Litigation. The Administrative Law/Employment Litigation unit will be responsible for handling defense of the City in matters arising internally such as employment litigation, City-initiated actions, administrative hearings, collections, code enforcement liens and foreclosures. The unit should initially be staffed with three attorneys, an administrative specialist, a staff assistant and a law clerk. The Collections unit should initially be staffed with a designated attorney, two paralegals, and an administrative specialist. Review

and reallocate resources if necessary after a time study analysis is completed. Separation of the litigation functions would allow a more focused approach to the different litigation areas. A recent workload study indicated that there were approximately 400 judgments on which no recent action had been taken as well as a backlog of foreclosures. The assignment of a designated attorney to the Collections unit would address the backlog of foreclosures and judgments and result in more timely collection of moneys due the City.

The following Law Department organization chart, shown as Figure I2, illustrates the recommended restructuring of the Corporate Counsel and Litigation Divisions. Transferred positions of the current Risk Management Division can be found in the organization chart for the Finance Department in Figure I2.

FIGURE I2: DEPARTMENT OF LAW PROPOSED ORGANIZATIONAL STRUCTURE



During this review, it was noted that several tasks being performed by attorneys could be effectively assigned to paralegals under their supervision.

The department currently has a total of five paralegals primarily doing work for the Division of Litigation, with 3.0 FTEs assigned to real property title searches, 1.5 to collections and 0.5 to litigation.

The three paralegals assigned to title searches report that they handle about 300 active code enforcement files and maintain 3,500 property files, providing ownership verifications for all departments as well as full 30 year title searches for property acquisitions, demolitions and other City ownership issues. They are also called upon to calculate and collect code enforcement payments and other fines and fees. The title work is done off-site at the recorder's office. The paralegals report that full title searches are time consuming and can require several days work; limited title searches for liens can require several hours. When out of the office, the real estate paralegals are unavailable to meet with payors; they must be called back to handle payments and calculations, making them unavailable for other division tasks.

The Collections paralegals (1.5 FTEs) process all paperwork for collections in the City for code enforcement, user fees, and assessments that remain unpaid after initial demands. The legal work is distributed primarily among three attorneys; however, the paralegals handle the majority of the collection process, ranging from demand letters, judgments, and filing of judgment liens to processing paperwork for foreclosures and handling bankruptcies. A recent workload report indicated that the Collections section had a workload of 189 foreclosure/escheat actions of which about 50 were city-initiated, 125 active collection cases, approximately 400 judgments on which no recent action had been taken and 70 bankruptcy cases. In spite of the large volume of collections work, one collections paralegal is assigned one half of her time to serve as the only paralegal providing support for the remainder of the Division of Litigation. In addition to paralegal time, court costs and attorney time make the cost of legal action on collections a significant expenditure of resources. Other jurisdictions have worked with departments to triage collections cases so that primarily those which generate sufficient moneys to cover costs are legally pursued. Other means of collections, such as collections agencies, are available for those that are not productive use of legal resources.

A disproportionate allocation of paralegal resources is being directed to real property title searches and ownership verification leaving the litigation and corporate counsel divisions without paralegal support.

Because of the scarcity of paralegal support dedicated to litigation other than collection litigation, litigators' time must often be spent on more routine aspects of case preparation, leaving less time for the more complex issues that must be addressed. Corporate counsel has no

paralegal support to assist in preparation of legislative and council items or corporate transactions beyond real estate. While the current staffing for attorneys is sufficient, reducing the time expended in title searches and address verification and increasing the level of paralegal assistance to the two divisions will improve the productivity of the attorneys by allowing them to focus on analysis and legal argument.

Recommendation I17: Evaluate attorney workload to determine which activities could appropriately be delegated to paralegal staff to allow more effective use of resources.

Recommendation I18: Reassign two paralegals from real estate title searches, address verifications and financial responsibilities relating to payoff calculations and receipt of code enforcement payments to provide direct service to division attorneys. Provide additional direct paralegal support to collections and litigation. Better utilization of paralegal resources for direct staff support will increase productivity of attorneys and potentially reduce the number of attorney staff required.

Recommendation I19: Assign a paralegal to review indemnification and insurance coverage in contracts and leases, process certificates of insurance and process off-duty employment requests as part of the Division of Corporate Counsel transactional responsibilities.

Recommendation I20: Provide Code Enforcement with a central filing system and require departments to make initial efforts to identify property owners using the assessor website and other resources. Eliminate paper files for real property title searches by digitally scanning existing files and notes and place them into a central file with cross indexing to make property information accessible to all City departments.

Recommendation I21: Evaluate the cost-effectiveness of contracting for 30 year title searches on real property and limited title searches for liens. Title companies will generally provide full or limited title searches on a per unit basis. On large projects or when timeliness is essential, they often have the ability to be more flexible in adding resources than can be achieved with reliance on a limited number of City staff.

Recommendation I22: Explore the use of voice activated software for paralegals doing real estate or other work off-site. The goal is to reduce transcribing of notes taken during off-site dictation and reduce burden on administrative specialists.

Comments in surveys and interviews for this project noted a lack of timely response from the Department of Law to service requests. In further exploring this, Management Partners found little evidence to support or refute these assertions. The department does not maintain records that are sufficient to indicate whether a few isolated incidents may have contributed to the impression of lack of timeliness, or whether there actually is a systemic problem within the department.

While the department currently collects information on requesting department, response time requested, and date closed, the level of information collected is insufficient for a full analysis of whether the timeliness standard is being met.

Many requests for service are made by telephone because of the length of time it takes to go through the process of requesting legal assistance (a request that must be signed by the Commissioner); the Department of Law review process is lengthy as well. Departments are using telephone requests to obtain rapid answers. The Department of Law does not track or record provision of advice given to departments who do not use the formal request for services process. When requests are made verbally, there is no record in the Department of Law of the request, the person requesting advice or the advice given; in addition, the Commissioner of the requesting department does not know that the request has been made or the advice given.

The process for requesting service from the corporate counsel division comes from a policy of the Chief Administrative Officer which states that minor requests not involving much time can be answered orally with a direct call to the attorney handling the department's work. Written requests must come from the Commissioner and go to the Director of Corporate Counsel for assignment to an attorney to respond. The department reported 229 formal requests opened in one six month period; however, attorneys indicated that often the requests come in directly from the departments and are handled orally. They also indicate that oral advice can be given more promptly and without accompanying paperwork.

Recommendation I23: Create a call log for informal advice and require attorneys to record entries daily. A simple electronic notation in the document management system indicating the name and department of the caller, the nature of the request and the answer given should be made. This information should be forwarded to the appropriate Commissioner as a notification that his department has made a request. In order to track these

informal responses and understand what advice has been provided, this information should also be accessible by the Commissioner of Law or appropriate director.

Informal advice will be directly available to departments, but supervisory personnel will be apprised of both the request and the advice given for documentation, future reference, tracking of service needs, accountability and to assure information is shared with appropriate persons within the department.

Recommendation I24: Institute a detailed time record keeping system for attorneys. Identify requests for service by department, assignment, time expended, nature of response (call, written opinion, ordinance, attendance at meeting), and whether the assignment was closed or ongoing. Link this data to data already collected. Time sheets give a snapshot of who is doing what kind of work, for whom, and for how long. Timesheets are essential as a management tool for budgeting and staffing analysis as well as responding to questions of timeliness.

Recommendation I25: Develop a standardized status report format and require each attorney to report regularly to the director. Status reports will show all assignments in progress and expected completion dates. Once approved by the director, status reports may be shared with departments so that they can ascertain the status of their requests for legal service. Reports allow directors to identify workload adjustments and areas needing attention.

Recommendation I26: Reduce multiple reviews and approvals within the Department of Law to improve response time and make individual attorneys accountable for the final work product.

Administrative Support

The current structure of the Divisions of Corporate Counsel and Litigation assigns the four administrative specialists to a specified group of attorneys who are engaged in a variety of tasks for both divisions. The administrative specialists are the primary secretarial and administrative support to 12 attorneys, five paralegals and three law clerks. The needs of the attorneys in the assigned group vary substantially, with some attorneys requiring extensive typing, some requiring document copying and filing, and others requiring receptionist duties. Several of the administrative specialists are performing time-consuming duties more typical of and appropriate to a different level of classification.

Each administrative specialist is responsible for the clerical and administrative work of several attorneys and paralegals in the two divisions. In addition, each has other assigned office duties such as maintaining computer software, ordering supplies, payment of bills, and monitoring equipment.

The office uses the Amicus legal file management system and WorldDox document management system. Staff reports that both are excellent for scanning, tracking, indexing and distributing documents; however, they have not had sufficient training to use the full capability of the systems and move toward a paperless office.

Many of the attorneys use technology consistently to prepare preliminary drafts and documents, relying on the administrative specialists to finalize and format their work. Others, however, do not use computers extensively, and rely on the administrative specialists to transcribe dictation for the bulk of their document production. The result is that a disproportionate use of some administrative specialists' time is engaged in routine typing; attorneys note that they must often provide their own clerical and administrative support in order to meet time expectations.

One administrative specialist serves as the office receptionist, mail clerk and typist for attorney dictation and is routinely interrupted by telephone calls and visitors, making typing and other tasks requiring attention to detail difficult. One administrative specialist primarily scans litigation documents. Better allocation of administrative specialist time could allow attorneys and paralegals to concentrate more on the professional aspects of their positions.

Interviews and workloads indicate that the administrative specialists are working at capacity and could benefit from additional support, which would permit attorneys to better utilize the administrative capabilities of the administrative specialists.

Recommendation I27: Restructure the Divisions of Litigation and Corporate Counsel so that an administrative specialist supports each division and performs tasks associated with the level of administrative skills required for the classification.

Recommendation I28: Assign a staff assistant to perform the routine typing, filing and related clerical and receptionist duties or utilize a typing service.

Recommendation I29: Explore the purchase of voice recognition software for attorneys who use a disproportionate amount of administrative specialist's time for transcribing.

Recommendation I30: Train employees on effective use of document management, word processing and other office technology.

Tasks not requiring administrative skills performed by persons of appropriate classification and pay scale would relieve administrative specialists of those tasks which prevent them from focusing on administrative tasks directly in service to the attorneys and would reduce costs to the department. An administrative specialist salary ranges from a low of \$25,952 to a high of \$40,651 as compared with a clerical assistant which ranges from \$16,153 to \$24,242 or a staff assistant which ranges from \$17,066 to \$25,723.

Better allocation of talent and responsibility could allow attorneys and paralegals to concentrate more on the professional aspects of their positions. Better use of technology training will add to productivity of the office.

Code Enforcement

When Code Enforcement is unable to collect fees, penalties, and costs of abatement, real estate paralegals are assigned to litigation/collection efforts to calculate and receive payments related to code enforcement violations and other fees. They also process checks and payments for Code Enforcement invoices.

Real estate paralegals are requested to identify property owners after an initial attempt is made by Code Enforcement to send inspection reports by mail. Property valuation assessments are available online with ownership information updated routinely. Access to the information is available to code enforcement personnel.

However, the Department of Law does not have financial transactions as a priority function and, therefore, does not have adequate security, central financial record keeping, or checks and balances on receipt of cash or payments. In addition, paralegals, off-site doing title searches, are required to return to the office at inconvenient times to assist in receiving payments from payors.

A process map prepared by Management Partners of the City's code enforcement process indicates a 60-90 day delay for a property owner to receive verification from the Department of Law, thus delaying enforcement and collection.

Recommendation I31: Reduce Department of Law involvement in the code enforcement process to those matters requiring legal expertise or court process to reduce delays and improve responsiveness and collections.

Recommendation I32: Place responsibility for receipt of payments due to Code Enforcement in Finance and designate that Finance receive all payments. Ensure that any communication to a debtor clearly identifies where payment must be made and have that location be a secure site capable of issuing receipts and entering data in a database which is accessible by Code Enforcement and Law in order to cancel liens. Indicate clearly to the customer where questions can be answered. Make the central filing system accessible to Law and Code Enforcement so that transactions can be handled promptly and accurately electronically.

Recommendation I33: Transfer responsibility for initial address verifications to Code Enforcement. This should speed up the time for notices to get to violators, reduce reliance on paralegals and free paralegal time for more complex work. The use of online and other resources to initially identify property owners can be performed by Code Enforcement personnel, freeing up paralegals for more complex work.

Collections Unit

The Collections section of Litigation processes the paperwork for bankruptcy distributions, foreclosures, recovered court costs, code enforcement and demolition liens, sewer assessments, pursuit of delinquent landfill users, occupational license and sewer user fees and other miscellaneous accounts.

Unpaid cases are sent to the Collections section after several attempts are made by the referring departments. The decision to send is made on the basis of the aging of the delinquency rather than the amount due and is often many months old before referral. The Collections section then becomes responsible for repeat requests for payment, legal action, and receipt of payment on all referrals regardless of dollar value, cost or likelihood of collection.

The City's emphasis on code enforcement, and the increased number of foreclosures by banks and mortgage companies where the City intervenes to protect its interest have greatly increased the workload of the section.

Paralegals handle all referrals for this process and three attorneys are assigned to assist. The Collections section was responsible for the collection of over \$4.8 million in fiscal year 2007. The department estimates that the total collection caseload is about 800 cases, with approximately 350 currently active.

A recent report of departmental activity indicated 188 active foreclosure actions, a backlog of approximately 40 foreclosure actions, 69 active collection cases in which judgments have not yet been entered, and 536 uncollected judgments.

The recent increase in code enforcement activity generates more liens and collections. Failure to pursue collections deprives the City of revenue to which it is entitled and eliminates a disincentive of not complying.

Recommendation I34: Determine average cost of handling collections per case through the legal process.

Recommendation I35: Transfer only those cases to Collections that exceed the average cost of collection.

Recommendation I36: Develop alternative methods of collection such as use of collection agencies for those cases where cost of collection exceeds potential recovery of amounts due and for more timely initial contact. Because of their volume of cases, collection agencies often have resources and personnel to handle routine collection matters cost effectively and promptly to increase the timeliness of payment and avoid the cost of legal process.

Recommendation I37: Give priority to higher dollar value collections until the backlog is eliminated.

Recommendation I38: Screen department requests for payment to focus on high cost cases.

Recommendation I39: Assign one attorney to the Collections section in the Division of Litigation. This person's primary responsibility will be lawsuits, legal processes and documents and the supervision of the paralegals and support staff related to collection of moneys owed the City. This will place a higher priority on consistent legal support for the Collections section so that the backlog may be eliminated and the uncollected judgments pursued more effectively.

Recommendation I40: Provide additional paralegal and administrative specialist support dedicated to the Collections section.

Conclusion

Department of Law operations can be improved by formalizing tracking of legal requests to more fully monitor actual workload, and by restructuring to increase division focus, increase paralegal support, appropriately place risk management functions, and ensure the most cost-effective use of attorney time.

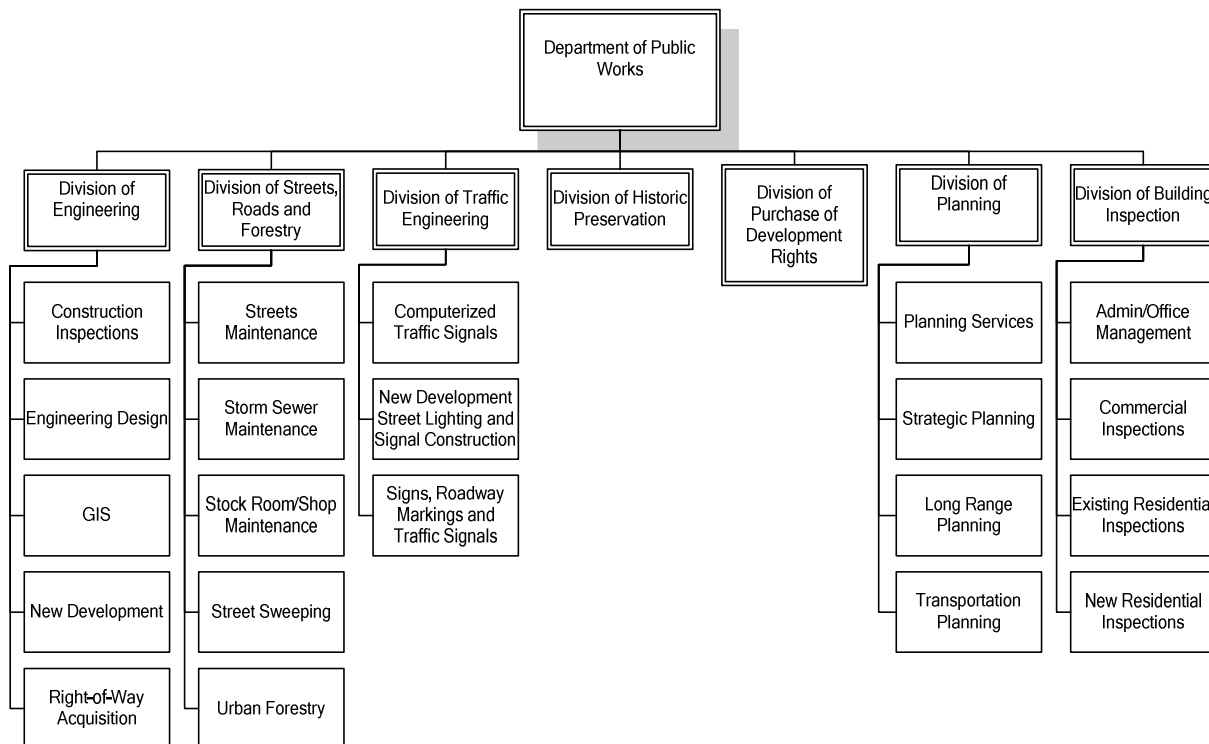
J. DEPARTMENT OF PUBLIC WORKS AND DEVELOPMENT

The Department of Public Works and Development provides traffic engineering, planning and building services, and maintenance and construction of City infrastructure such as roads. The department is managed by the Commissioner for Public Works and Development who is appointed by the Mayor. The department has 246 FTEs working in seven divisions, plus the Commissioner's Office which provides administrative support for the department:

- Building Inspection
- Historic Preservation
- Traffic Engineering
- Engineering
- Purchase of Development Rights
- Streets, Roads, and Forestry
- Planning

Figure J1 on the following page shows the department's current organizational structure.

FIGURE J1: DEPARTMENT OF PUBLIC WORKS ORGANIZATIONAL STRUCTURE



The department has a total FY 2008 General Fund budget of \$24,464,560. Responsibilities are described further within the discussion about each division. Management Partners offers the following recommendations for the Department of Public Works and Development.

Division of Engineering

The Division of Engineering is responsible for reviewing plans for subdivisions, commercial buildings, development sites, and Urban County Government public works projects. The division provides engineering support services in such areas as surveying, drafting, and on-site inspection of storm sewers, streets, bridges, sidewalks, subdivisions, commercial developments, drainage, detention & retention basins, and other construction projects. The Engineering Division also collects and manages the data used in Lexington's geographic information system (GIS).

The division also provides a number of services to area engineers, including easy access to engineering manuals, standard drawings, U.S. Geological Survey (USGS) Gauging Stations, permits for work in the

public right of way, and Digital Flood Insurance Rate (DFIRM) maps. Engineering also reviews and approves letters of map change, provides GIS data to the public on a fee basis, and is integral in the design review process. The division hosts an annual meeting between the government and developers to facilitate process improvement. Finally, the division produced the Roadway Manual, a publication that is a step-by-step guide to address most every circumstance in design and construction of pavements.

The Engineering Division has a budget of \$ 3,871,380 supporting 43 FTEs.

The following findings and recommendations apply to the Engineering Division.

Consultant Selection Process

As is the case in many states, Kentucky state law specifies the use of a qualifications-based selection process for engineering consultants. There is some room for process variation, but the general intent is to assure that engineering consultants are selected based on their demonstrated ability to perform the required work. Typical process for selection involves the issuance of a request for qualifications (RFQ) and then either subsequent issue of a request for proposals or direct negotiations with the most qualified firm or firms. Price is not normally a consideration in the initial selection process and only becomes a factor during negotiations with the selected candidate.

The City's current practice requires priced proposals and includes a public reading of the price prior to review of the proposals. The selection committee itself is made up of a combination of technical and administrative staff and community representation. A given committee may include representation from Engineering, the Mayor's office, the Council, Community Development, Purchasing and Public Works. Committee make-up may vary based on the project, but it is not clear that it is designed to make a selection based on technical capabilities. As such, the current selection process is not consistent with the intentions of qualifications-based selection process.

Engineering consultants, including those selected through the process, have expressed reservations and discomfort associated with the current review and selection procedures.

Recommendation J1: Amend the engineering consultant selection process to ensure compliance with qualifications-based selection practices, followed by price negotiation with the most qualified firm.
Selection should be evaluated by technical staff.

Capital Projects Management

Lexington has a substantial capital improvement program which lends itself to economies of scale. Currently, capital improvement planning in the City is highly decentralized and managed in divisions who are the perceived “owners” of the project/facility.

Major CIP efforts are undertaken simultaneously each year by both Engineering and Parks and Recreation and elsewhere in the organization. Projects are designed by staff as well as by outside consultants under the direction of the assigned project manager.

Both the engineering and parks divisions managing capital projects experience significant time delays. Engineering gave examples of projects taking 7-10 years from initiation to completion. Parks and Recreation frequently rolls funded projects from one fiscal year to the next based, at least partially, on an inability to manage the workload effectively.

Capital projects are prolonged by a difficult right-of-way acquisition process and failure for utilities to relocate in advance of construction. The City Council has generally turned down efforts to acquire properties through the condemnation process. Further, the sheer size of the City’s CIP can make accomplishing work a challenge, particularly in Parks and Recreation which has limited staff resources.

Many Public Works projects require the cooperation of other underground utilities such as gas, electric, cable, fiber optic, telecommunications and water. Ideally, these utilities will have performed maintenance, replacement or relocation activities in advance of the City’s capital project. Unfortunately, the City’s CIP schedule has limited credibility and utilities are reluctant to invest in advance of projects that may be significantly delayed or potentially canceled.

Because of the large sums of money involved and the opportunity costs of tying it up for multiple years, the variety of funding sources for these projects (including grants) and customer expectations to have new facilities built on time, the City’s capital improvement process needs improvement. The size of the CIP merits a consolidation which will result in economies of scale savings.

Recommendation J2: Centralize project management for CIP projects requiring the preparation of plans, specifications and bid documents in a new Capital Projects Management division reporting to the Commissioner of Public Works and Development. Appropriate employees currently housed in the Engineering division and the Parks and Recreation division of General Services will be transferred to this new work unit. Implementation is to be coordinated with recommendation H51. These personnel changes are identified in Table J1 below.

TABLE J1: RECOMMENDED PERSONNEL CHANGES FOR CAPITAL IMPROVEMENT PROJECT MANAGEMENT

Division of Capital Improvement Management				
Position	Action	FY 2008 Salary	Benefit Rate	Total
Construction Inspection 4 FTE	**Transferred In	\$217,207	23.80%	\$268,902.27
ROW Acquisition 6 FTE	**Transferred In	\$325,754	23.80%	\$403,283.45
Engineering Design 11 FTE	**Transferred In	\$597,235	23.80%	\$739,376.93
Park Designer	**Transferred In	\$47,227	23.80%	\$58,467.03
Project Coordinator	**Transferred In	\$48,312	23.80%	\$59,810.26
Division Director	Created	\$101,911	23.80%	\$126,165.82
Net Increase				\$126,165.82
** Because these positions were transferred into the division, government-wide costs do not increase.				

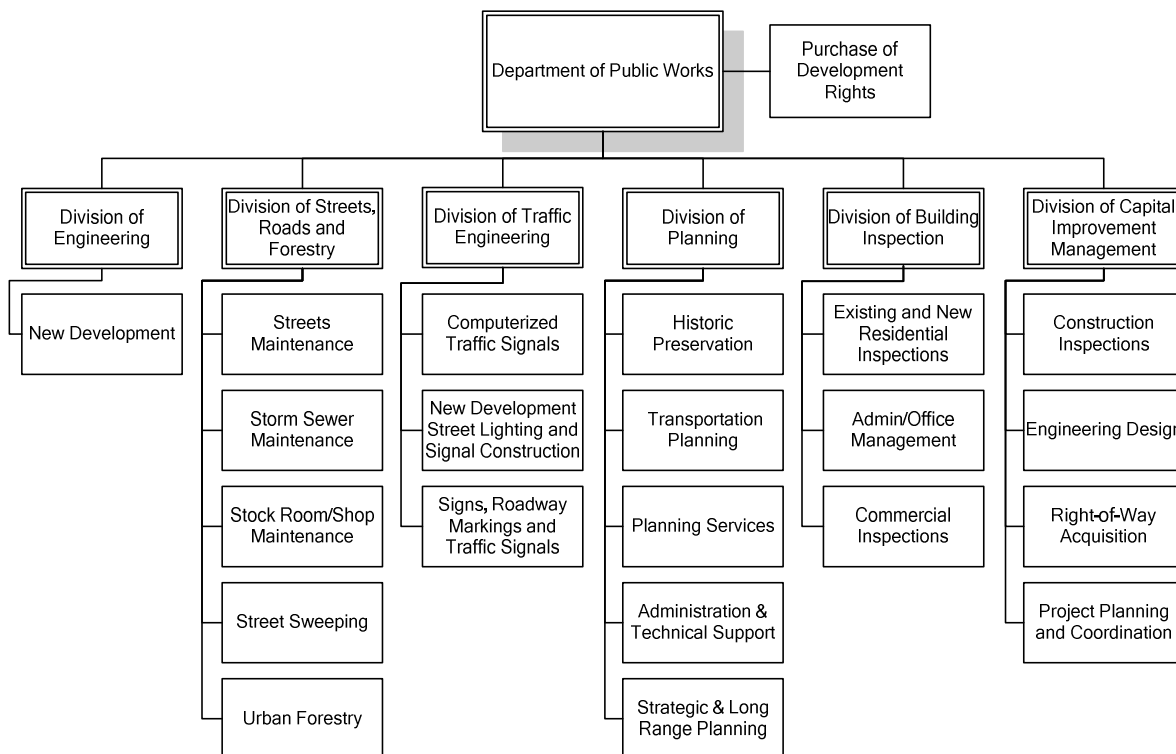
Recommendation J3: Contract with one or more private firms to acquire all rights-of-way associated with Lexington's capital improvement projects.

Recommendation J4: Require that underground utility relocations be completed in the year prior to the scheduled construction date for a given CIP project.

Recommendation J5: Establish performance standards for CIP managers.

The effects of the recommended division can be seen in the proposed Public Works table of organization found in Figure J2

FIGURE J2: RECOMMENDED DEPARTMENT OF PUBLIC WORKS ORGANIZATION STRUCTURE



Development Plan Review

As part of the City's review of development projects submitted to the Planning or Building Inspection Divisions, the Engineering Division reviews plans and provides comments from an engineering perspective. This process is commonly done.

However, the City's engineering review is currently limited to going over a checklist to ensure that physical items were submitted as part of the application package. There is no in-depth or quality review and developers simply certify that their plans meet requirements, with no verification of this by City staff. Engineering does not verify calculations, but simply attests to the fact that they were included with the submittal. Warranty periods are short and issues may not be discovered until after the warranty expires. Regional drainage issues may not appear for a period of years.

Plans are not required to be submitted in electronic format compatible with Engineering Division software. Effective stormwater design is generally done on a basin level, beyond the context of most development projects.

Recommendation J6: Require development plans to be submitted in compatible electronic form.

Recommendation J7: Require engineering review of development plans for key areas such as drainage and stormwater management.

Division of Streets, Roads, and Forestry

The Division of Streets, Roads & Forestry services and maintains all City and County Roads within Fayette County. This includes pothole repair, snow removal, street sweeping, routine and emergency servicing of storm sewer drains, intersection curb repair, sidewalk ramp installation in accordance with ADA requirements, and the maintenance of various bridges and certain creeks within the urban area. Additionally, Streets, Roads, and Forestry provide snow removal and minor repairs (e.g. pothole repair) on all State and Federal highways inside New Circle Road. Street sweeping is funded by the same Urban Service District Fund from which the collection of solid waste is operated.

The Urban Forestry Program is also located in the Division of Streets, Roads and Forestry. The urban forester and staff are responsible for maintaining street trees and tree protection. Lexington has been a “Tree City USA” since 1989, the longest in Kentucky.

Streets, Roads and Forestry is responsible for the maintenance of over 2,200 lane miles of street. Street maintenance is performed by six crews generally assigned as follows:

- Pothole repair
- Concrete maintenance (two crews)
- Road dig-up
- Bridges
- Storm sewers

The Streets, Roads and Forestry Division has a budget of \$4,259,470 supporting 80 FTEs; 78.4% of the budget is for salaries and benefits.

The following findings and recommendations apply to the Division of Streets, Roads and Forestry.

Snow and Ice Control Program

A key function of the Streets Division is cleaning roadways of snow and ice to maintain traffic safety. Currently, the City’s snow and ice control program is large, difficult to track during an event, and handicapped by obstacles such as parked vehicles, and limited access to salt.

The City publishes an annual snow and ice control plan on its website which outlines priority snow routes, explains the nine different snow conditions, and provides general information on how the Department of Public Works responds during a snow event.

Snow and ice control is a massive, unscheduled effort requiring the resources of several departments to manage. Work is coordinated by Streets, Roads and Forestry, but also involves staff from the Water and Air Quality Division of Environmental Quality. Snow management may involve as many as 49 trucks with plows and a handful of other pieces of heavy equipment.

At present, the Streets Division has a single salt shed for distribution of salt requiring all vehicles to come to a central location for loading. Radio communication is intermittent in many route areas.

In order to maximize public safety and efficiency during weather events, the City should revise and improve its snow and ice control program.

Recommendation J8: Implement emergency snow route restrictions during appropriate events and enforce towing provisions.

Recommendation J9: Equip the snow removal fleet with GPS units to allow centralized tracking and recording of progress.

Recommendation J10: Provide an additional salt storage shed at an appropriate location. An additional storage shed should be located geographically opposed to the existing one so that distances for crews to reload are minimized.

Truck Wash

At the present time, the Streets Division does not have a truck wash facility and must use the truck wash located at either the Water and Air Quality Division or the Fleet Division. These facilities are inconveniently located or closed when they would be of greatest use. Because of the limited access to a truck wash in the City, lines often form and productive work time is lost.

Truck washing is important to the long term life and condition of the Public Works Fleet. Snow and ice control chemicals, as well as a number of construction materials, are corrosive and vehicles handling these materials need to be kept clean to maximize the City's fleet investment.

Recommendation J11: Provide 24-hour access to truck wash facilities at Water and Air Quality and Fleet.

Recommendation J12: Implement a limited second shift so Streets, Roads and Forestry employees can provide truck and vehicle washing, fueling and light maintenance.

On-Call Reporting

During the interviews for this review, employees made several comments regarding dissatisfaction with the system to report in when on-call rather than being able to report directly to the job site.

On-call status is not a rarity and may occur as frequently as every other week for supervisory personnel and last a week at a time. On-call compensation is approximately \$21.50 per week and there are severe penalties for missing a call-in.

With the exception of employees on call for snow and ice control, on-call employees are required to report to the office, punch in and then drive to the incident site to determine what, if any, response is required. The time to come to the office, log in, get a vehicle, drive to a site, drive back to the office, log out and then drive home could be shortened considerably by allowing the on-call employee to drive directly to the job site.

Recommendation J13: Provide take home vehicles to on-call employees during their on call shifts.

Recommendation J14: Allow on-call employees to report directly to site and manually record their time.

Kronos Time System

The Kronos time system serves as the time clock for the Streets, Roads and Forestry Division as well as Solid Waste Management. It allows tracking of work to multiple accounts and is capable of providing a high level of information. The Kronos system has benefits for job costing and for use as a control system. Unfortunately, it is viewed as punitive in nature and has not been well accepted by the users. Kronos has not been adopted by other departments or divisions of the government.

The Kronos time system was implemented for the primary purpose of tracking and managing “under time” hours in Solid Waste Management. Internal audits show that this has been at least somewhat successful. It appears that, while the system itself is unpopular, it is the associated policies that appear to be causing ill will and generating a response that may not represent the best interest of the department. As implemented, tardiness incurs extreme penalties (a few minutes can cause the loss of a full hour’s pay). Conversely, overtime is doled out in tenth-of-an-hour increments. Bypassing the Kronos system is difficult even with supervisor approval. Use of the Kronos system requires physical presence which limits the ability to have staff (e.g., on-call personnel) report directly to job sites. Where the use of time clocks is normally restricted to labor

positions, supervisory staff is also required to punch in and account for their time.

Recommendation J15: Revise the use policies associated with the Kronos time system to allow supervisory flexibility in the management of staff. Include representatives from both labor and management in the audit process to assure that all relevant issues are addressed.

Recommendation J16: Expand the use of Kronos beyond the existing divisions and departments to include all groups currently using time clocks.

Street Sweeping Program

As with other municipalities nationwide, Lexington has a street sweeping program in place for environmental and sanitary reasons. The program is, however, not formalized to a great degree. Other than the downtown area that is swept daily, street sweeping schedules are based on the ability of crews and equipment to perform. Performance is affected by equipment downtime, and street conditions with respect to traffic and parking.

Street sweeping in the City occurs during normal working hours; the practice of sweeping during the day results in the maximum possible conflict with traffic. Street sweepers are assigned routes and though the division's goal is to complete routes within seven days, actual performance is about 11 days. Route sizes are inconsistent, and different routes take different numbers of days to complete.

Street sweeping is not scheduled to coordinate with refuse collection, but maintains its own independent routes. No parking is posted for two days a month to allow sweeping in the University of Kentucky area. There is currently no technical basis for the targeted street sweeping schedule. Where they exist, parking restrictions are loosely enforced.

Sweepers require significant maintenance and five of 12 vehicles were in the shop at the time of division interviews. Sweeper brooms require substantial effort to replace. Broom life is dependent on the quality of the broom which generally relates to the price of the broom. Broom selection is apparently based on initial purchase price rather than life cycle costing. Purchase of new sweepers is done without operator input and has resulted in the low-bid acquisition of vehicles that underperform. Efficiency and reliability should be determining factors in the selection of all heavy equipment.

Recommendation J17: Establish street sweeping standards based on environmental quality best management practices and staff, equip and route accordingly. Sweeping should have a specific definable purpose. Note that best stormwater management

practices include street sweeping as a part of pollution control.

Recommendation J18: Coordinate street sweeping schedules with refuse collection to take advantage of proposed parking limitations and to provide clean-up of spilled materials.

Recommendation J19: Enforce violations in no parking zones.

Recommendation J20: Begin street sweeping earlier in the day in traffic-congested areas and consider moving sweeping to a third shift. This may require a noise ordinance waiver.

Recommendation J21: Purchase sweepers and sweeper brooms based on life cycle cost evaluation rather than initial purchase price.

Right of Way Maintenance and Responsibilities

As a matter of policy, Lexington assigns maintenance and repair responsibility for curb and gutter, sidewalk and trees within the street right of way to adjacent property owners. Residents are responsible both for making any needed repairs and for the cost thereof. Many communities hold residents responsible for some or all of the costs associated with these programs, but best practice is to have local government responsible for a proactive, annual program of inspection, repair and maintenance.

Curb and gutter, sidewalk and trees all have the potential to create safety hazards. Identifying trip hazards, curb defects and dead or dying trees needs to be accomplished systematically as do necessary repairs. There is a possibility of being found liable for injuries caused by known defects. In some cases, particularly with sidewalks, communities without regular inspection programs have been found responsible even for hazards that haven't been identified. Courts have found ignorance of a situation to be a poor defense in the absence of a proactive program to identify and correct defects.

The repair of curb and gutter is normally performed in conjunction with the planned maintenance of the street surface. It is common practice for communities to pass some portion of the cost of these repairs to adjacent properties. Many also include a portion of the street construction work. The most common method of this is through special assessment. Curb and gutter condition should be noted through the street inspection program with the condition impacting the overall priority of scheduling the street for repair. Hazardous conditions should be addressed shortly after discovery.

Broken or lifted sidewalk panels create hazards for pedestrians and may impair the mobility of handicapped residents. Defective sidewalks need to be identified through a regular program of inspection and repaired accordingly. By creating an annual program, the city can package enough work to ensure good bid prices that can effectively reduce costs for property owners while maintaining public safety.

Lexington has an estimated 51,000 street trees. With the exception of the downtown area, the maintenance of street trees has been the responsibility of the adjacent property owner. The process for getting homeowners to take necessary action to maintain, trim, or remove a street tree is cumbersome, labor-intensive and can take months.

The City currently has one tree crew and its primary focus is on trees which are located within the parks system. There is currently a draft ordinance being reviewed that will allow the City's forestry workers to more readily deal with street trees requiring emergency attention and bill for services rendered.

Trees require periodic routine maintenance for which the City currently has no provisions. Unless homeowners cooperate with requests to take action, the only current alternative is to take the property owner to court. This is only applicable for hazardous situations, not for routine trimming.

Many cities nation-wide maintain their own street tree inventory as a part of General Fund supported operations. Tree maintenance is a specialized and somewhat hazardous activity. Cities routinely contract with local tree trimming services to perform routine maintenance on a schedule such that a portion of the City is completed each season with all trees trimmed within a 3-5 year cycle.

Recommendation J22: Conduct a study to of Right-of-Way maintenance alternatives and explore alternatives for financing an expanded role for the City in this area.

When new developments are proposed within the City, developers are required to provide a landscaping plan that includes street trees. Staff then performs a plan review to ensure the plan is appropriate. However, actual installation of the trees is performed by the developer in conjunction with site development and is not inspected by City personnel.

Street trees are often planted in locations that are not according to submitted plans, in improper locations such as vision corners required for traffic safety, or are spaced incorrectly for future growth. Many of these problems are not discovered until several years later when they become problematic.

If the City is going to ensure public safety, developers must be held responsible for appropriate planting of street trees.

Recommendation J23: Require developers to contribute to a street tree fund instead of planting trees in the right of way. Rather than allowing developers to do the planting, the City should have them pay for it but take responsibility for planting upon itself. Implementing this recommendation would ensure proper placement of street trees and new trees can be added to the City's street tree inventory as they are planted.

Division of Traffic Engineering

Traffic, like Solid Waste and Street, is funded through both the General Services Fund as well as the Urban Service District Fund. The Urban Service District portion covers the operating and capital costs associated with street lights. Traffic Engineering's duties include: maintenance and daily operation of the City's computerized traffic control system, issuing permits to contractors that require lane blockages, street lighting plans for pole placement, technical assistance investigation and layout for signs and markings - including site determination, sizing and placement, reviews of new subdivision and commercial development plats, plans to ensure that easements are properly located and adhered to, and emergency signal repair, signs and pavement markings.

The division also works with neighborhoods to address quality of life issues that are the result of traffic-related problems such as speeding and cut-through traffic in efforts to alter driver behavior. Additionally, Lexington-Fayette Traffic Engineering has a fiber optic program which is midway through a 10 year installation plan to install fiber optic cable along major corridors within Lexington. This department operates a full service sign shop. There are 352 signalized intersections in the City.

The Traffic Division is rated B+ by the National Transportation Operations Coalition report card system and is within reach of upgrading that rating. The B+ rating compares to a national average of D.

In total, this division employs 39 FTEs with a budget of \$4,510,610 of which 63.4% is for salaries and fringe benefits.

The following findings and recommendations apply to the Division of Traffic Engineering.

Jessamine County

Lexington has an excellent traffic engineering and management program that works effectively to maximize the carrying capacity of the urban street network. However, City traffic is directly impacted by traffic in Jessamine County. Jessamine County already supports the Metropolitan Planning Organization's traffic planning section serving both counties.

The City's Traffic Engineering Division has a state of the art facility and is recognized for its traffic management expertise. The City's signal maintenance staff are trained and certified to work with signal controllers and have a complete shop facility and testing equipment. Jessamine County is considerably less urban and less able to support a traffic engineering department of its own.

An opportunity exists for a shared services approach to benefit both communities.

Recommendation J24: Establish a partnership and contractual arrangement with Jessamine County to provide traffic engineering services. By contracting with the City for traffic engineering services, Jessamine County would benefit from expert service close at hand, and the City would benefit from additional resources. Both communities would benefit from a coordinated approach to traffic management.

Fiber Optic Network

Fiber optic cable is an efficient and generally reliable communications conduit. The City's Traffic Engineering Division has been extending a fiber optic network to provide communications between traffic signals and the traffic management center. Other departments have piggybacked on this system and added facilities of their own. To date, there is no dedicated staff for the maintenance of this technology.

The Traffic Engineering fiber network was paid for with transportation funds, and use of these funds on a continuing basis to support other fiber service issues is problematic.

The use of fiber for communications requires that it be brought into buildings and connected. Fiber optic systems require periodic maintenance and repair. The Traffic Engineering Division is being requested by other City departments to spend an increasing amount of time maintaining fiber for non-traffic uses.

Recommendation J25: Budget General Fund monies to support shared maintenance of joint fiber optic system. Maintenance of this system benefits multiple City departments and city operations. Support for this system should be formalized.

Recommendation J26: Establish a two-person fiber optic crew supplemented with existing employees to inspect and maintain the fiber optic network for both traffic engineering and general use. Time and expenses for this crew should be charged to the proper fund according to the work performed.

Use of Seasonal Workers

Traffic Engineering has responsibility for pavement marking. This work is seasonal and weather dependent and uses a crew made up of permanent employees and work release assistance. Work release personnel are inexpensive, but largely untrained and unreliable.

Pavement marking employees are relatively unattached during marking season on poor weather days and are generally loaned to Streets, Roads and Forestry once the marking season is over. Prior to using trustees, seasonal help was provided in the form of permanent seasonal workers.

The pavement marking crews are located at the Streets, Roads and Forestry facility. Pavement marking is usually completed in a relatively short period of time and trained seasonal staff would have value in other areas of Public Works. Seasonal employees would have less cost impact than permanent employees but would be expected to return annually and would provide a much higher skill set and value than received from the current trustee program.

Recommendation J27: Evaluate the cost/benefit of using permanent seasonal workers in lieu of trustees for pavement marking. While marginally more expensive than trustees, seasonal workers have a greater skill set and can be used flexibly to supplement a wider range of operations within Public Works.

Recommendation J28: Assign pavement marking crew and responsibilities to Streets, Roads and Forestry.

Division of Historic Preservation

The Division of Historic Preservation facilitates the appropriate maintenance, conservation, renovation and revitalization of historic structures, districts and resources of Lexington-Fayette County as outlined in Article 13 of the Lexington-Fayette County Zoning Ordinance. Staff of the Historic Preservation Division has the following primary responsibilities:

- Regulates the large number of residential structures in historic districts
- Serves as the Historic Preservation Commission (HPC) and the Board of Architectural Review (BOAR)
- Conducts surveys of historic resources within the urban and rural service areas

Historic Preservation consists of five FTEs, including the division director and has an adopted FY2008 budget of \$463,070 with 83.4% spent on salaries and benefits.

General duties of Historic staff include providing support to the HPC and the BOAR. The HPC is a 15 member review body responsible for reviewing nominations for structures of architectural significance to the National Register of Historic Places. HPC also establishes preservation policy, recommends historic districts and landmarks, and adopts design guidelines and criteria for certificates of appropriateness. The HPC is also responsible for promoting public education about historic preservation and local resources.

Responsibility for review and decisions on Certificates of Appropriateness for new construction, renovation and additions and demolition within designated historic (H-1) districts is split between the BOAR and staff of the division. The BOAR is a five member body responsible for reviewing and deciding on requests for changes to the exterior of properties within local historic zones based on district specific criteria approved by the HPC.

The Lexington-Fayette Urban County Government is designated a "Certified Local Government" and receives federal grants for local historic projects, technical assistance, educational programs, and historic resource surveys. Over the last three years the City received an average of \$14,835 in Certified Local Government grant funds for program administration, technical assistance, educational programs, and historic resources surveys in Lexington neighborhoods.

Historic Preservation staff also conducts Section 106 reviews (of the National Historic Preservation Act). This review is conducted to determine if the use of federal funds that have been allocated for local projects will have an impact on Fayette County historic resources. Historic Division staff works closely with staff of the Commonwealth's historic preservation

office to conduct the Section 106 review. Applications for demolition within local historic districts are also reviewed by Historic Preservation staff.

Historic Preservation and Planning

Historic preservation efforts and planning functions are carried out as separate functions within Lexington government. At present, preservation efforts within the Urban Service Area are conducted by staff of the Historic Division. Rural Service Area preservation efforts are handled by staff of the Purchase of Development Rights (PDR) program for agricultural land within the rural service area of Fayette County.

While the emphasis on preservation efforts within urban and rural areas of the County differ, preservation functions efforts in the City should be closely aligned with land use and planning functions. Historic preservation, PDR and planning activities are separate divisions within the Department of Public Works and Development. Each division director reports to the commissioner; however, there is little coordination between planning and preservation functions within the Lexington-Fayette Urban County Government.

Table J2 below indicates how historic preservation efforts are structured in Lexington-Fayette Urban County Government peer organizations. Except for Nashville-Davidson County, Tennessee and Lexington none of the other twelve peer jurisdictions have a separate organizational unit responsible for carrying out historic preservation functions.

TABLE J2: PEER ORGANIZATION STRUCTURES FOR HISTORIC PRESERVATION

Jurisdiction	Population	Consolidated City/County	Planning Functions and Preservation Functions
Lincoln, Nebraska	171,932	No	Historic preservation is located in the planning department within long range planning
Knoxville, Tennessee	173,890	No	Historic preservation is carried out by the Metro Planning Organization that serves Knoxville and Knox County
Columbus - Muscogee County, Georgia	188,660	Yes	The Board of Historic and Architectural Review is located within the Planning Dept of the Consolidated Government
Augusta-Richmond County, Georgia	189,336	Yes	Historic preservation is housed within the Planning & Zoning Dept.
Madison, Wisconsin	223,389	No	Historic preservation is a unit of the Department of Planning & Development
Lexington Fayette County, Kentucky	255,339	Yes	Separate historic preservation division under the Public Works Department
Corpus Christi, Texas	285,267	No	Historic preservation is carried out by staff of the Development Services Department who are responsible for staffing the Landmarks Commission
Toledo, Ohio	298,446	No	Historic preservation is carried out by the Toledo-Lucas Area Plan Commission
Unified Government of Kansas City, Kansas, and Wyandotte County	304,748	Yes	Preservation is conducted by historic preservation staff located in the Urban Planning and Land Use Department
Cincinnati, Ohio	332,252	No	Historic preservation is carried out by division staff within the Planning Department
Santa Ana, California	340,024	No	Historic preservation carried out by staff of the Planning & Building Agency
Colorado Springs, Colorado	372,437	No	Historic preservation activities carried out by staff of Planning and Community Development
Nashville-Davidson County, Tennessee	552,120	Yes	Historic preservation carried out by a dedicated municipal Historic Preservation Agency that is separate from the Metro Planning Department
Louisville-Jefferson County, Kentucky	700,000	Yes	Historic preservation activities are conducted within the Department of Planning and Design

The chart above shows that many jurisdictions recognize the need for integrated planning and historic preservation functions. As noted in the preceding discussion, preservation efforts are not coordinated and take place in separate offices of the City.

The recently adopted 2007 Comprehensive Land Use Plan for Lexington-Fayette County acknowledges the current preservation efforts and provides a review of historic and rural land management within a coordinated planning and land use context. In the case of Lexington-Fayette Urban County, combining land use and development with historic preservation in the Urban Service Area is important to fostering a balanced approach to development and preservation efforts in the City.

Recommendation J29: Align historic and planning functions by placing Historic Preservation within the Planning Division. Historic Preservation staff should become a program of the Planning Division and the current Historic Preservation Director will report to the Planning Director as Historic Preservation manager.

Division of Purchase of Development Rights

The Purchase of Development Rights (PDR) program was developed in 2000 to create conservation easements in order to protect valuable farmland from future development. Currently there are 171 conservation easements totaling 20,165 acres at a value of \$48 million in the program - nearly 16% of total land area in the rural service area.

Participation in the PDR program is voluntary and allows property owners to sell development rights to the City's Rural Land Management Board. Property owners are compensated for the development rights and a conservation easement is placed on the property which restricts future land use to agricultural. Property owners may sell, rent, continue to farm and pass property onto heirs. Other than preservation of farmland, the obvious benefits to the landowner are the tax benefits. The program is funded through grant funds and City bonds and General Fund allocations.

The PDR Division consists of two FTEs, including the division director and has an adopted FY2008 budget of \$1,237,880 with 13.8% spent on salaries and benefits. The program is a unique entity devoted to preserving and enhancing the agricultural character of the rural service area. While loosely related to planning and preservation efforts carried out primarily in the more urban area of the County, The PDR program is designed to uniquely blend preservation, economic development and tourism interests into a single program with emphasis on preserving the "factory floor" of horse farms, livestock and other agricultural operations in the rural portion of Fayette County.

The distinctive qualities of the PDR program call for it to remain a separate entity for protecting the agricultural, equine and tourism economies of the County through the conservation of large areas devoted to farm land. Due to the size of the PDR unit (2 FTE) and no increase in staff in the foreseeable future this function should be merged with an organizational unit of Public Works that will provide a high degree of visibility to the office and the work carried out through program.

Recommendation J30: Make PDR a section within the office of the Commissioner of Public Works. This move will change PDR from a division to a program. Placement within the Commissioner's Office will serve to highlight the goals and objectives of PDR and will ensure close collaboration with the Office of the Mayor on issues related to rural land management.

Division of Planning

The Division of Planning provides comprehensive, current, strategic and transportation planning services to residents, landowners and developers. Staff members of the division have the following primary responsibilities:

- Conduct comprehensive planning and the development of growth management strategies, population projection and maintenance of GIS land use layers.
- Coordinate all aspects of development review processing for development applications, subdivision requests and rezoning in accordance with the adopted Lexington-Fayette Urban County zoning and the comprehensive plan.
- Work to produce short and long term implementation plans based on recommendations included in the adopted Lexington-Fayette Comprehensive Plan, as well as address timely planning issues and concerns that emerge based on current trends and data.
- Provide highway, transportation bicycle and pedestrian planning in addition to congestion management, energy planning and conservation, air quality and facilities for the disabled.

The Division of Planning consists of 32 FTEs and has a budget of \$2,188,140.

Planning functions and responsibilities are carried out by staff assigned to four sections, including: Planning Services, Strategic Planning, Long-range Planning and Transportation Planning. Each section is assigned a manager that is responsible for work planning and day-to-day responsibilities of the assigned staff.

Workload data for various planning applications and review functions from 2004 to 2006 is shown in Table J3 below.

TABLE J3: PLANNING DIVISION WORKLOAD DATA

<i>Application Type</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Map Amendment	49	49	53
Subdivision/Development Plans	528	541	432
Residential/Mixed Use Redevelopment Plans	19	20	12
Board of Adjustment Cases	145	147	132
Total Applications Processed	741	757	629
Average Applications per Month	61.8	63.1	52.4

The following findings and recommendations apply to the Division of Planning.

Transportation Planning and Traffic Engineering Roles

An overlap exists in traffic engineering activities carried out by Transportation Planning and Public Works Traffic Engineering staff. The Transportation Planning group within the Planning Division houses the Metropolitan Planning Organization (MPO) for Fayette and Jessamine counties. Transportation Planning is responsible for highway, transportation bicycle and pedestrian planning in addition to congestion management, energy planning and conservation, air quality and facilities for the disabled. One of the functions of the MPO is traffic and congestion management.

However, redundancies exist. Traffic congestion management is carried out by both staff in the Transportation Planning/MPO and Traffic Engineering Division. Likewise, traffic impact analysis is carried out by both staff of Transportation Planning/MPO and Traffic Engineering. In 2007, the Planning Department, which includes Transportation Planning, became a division of the Public Works Department.

In Transportation Planning/MPO, there is one FTE senior planner dedicated to traffic impact analysis functions for Lexington and Jessamine County. The Planning Division transportation planner will frequently meet with and request traffic impact study review of Traffic Engineering staff.

Within the Division of Traffic Engineering, 12 FTE staff are responsible for signs, roadways, markings and traffic signals within the City.

Table J4 on the following page shows how benchmark jurisdictions have organized their transportation planning functions.

TABLE J4: TRANSPORTATION PLANNING FUNCTIONS IN BENCHMARK JURISDICTIONS

Jurisdiction	Population	Consolidated City/County	Transportation/Metropolitan Planning
Lincoln, Nebraska	171,932	No	The Lincoln Metro Planning Organization is housed within the City Planning Department
Knoxville, Tennessee	173,890	No	Knoxville Regional Transportation Organization
Columbus - Muscogee County, Georgia	188,660	Yes	The Columbus-Phoenix Metropolitan Planning Organization is combined with the planning office of the Columbus Consolidated Government
Augusta-Richmond County, Georgia	189,336	Yes	The Augusta-Richmond MPO is combined with the Augusta-Richmond Planning Dept.
Madison, Wisconsin	223,389	No	Transportation planning is carried out by a separate organization, the Madison Area Transportation Planning Board
<i>Lexington-Fayette County, Kentucky</i>	255,339	Yes	Combined MPO within the Planning Division
Corpus Christi, Texas	285,267	No	Transportation planning is carried out by the Corpus Christi MPO an independent planning organization
Toledo, Ohio	298,446	No	Transportation planning is conducted by the Toledo Metro Area Council of Governments (COG)
Unified Government of Kansas City, Kansas, and Wyandotte County	304,748	Yes	Transportation planning is carried out jointly by Kansas City Kansas and Missouri though the Mid America Regional Council MPO
Cincinnati, Ohio	332,252	No	Transportation planning is carried out by counties within a three state region served by the Ohio, Kentucky, Indiana Regional COG
Santa Ana, California	340,024	No	Transportation planning carried out by the Orange County COG, a separate transportation planning agency
Colorado Springs, Colorado	372,437	No	Transportation planning is carried out by a separate organization, the Pikes Peak Area COG
Nashville-Davidson County, Tennessee**	552,120	Yes	Transportation Planning is conducted by the Nashville Area MPO which is part of the Nashville-Davidson Planning Department
Louisville-Jefferson County, Kentucky	700,000	Yes	Transportation planning is carried out jointly by the Kentuckiana Regional Planning and Development Agency serving counties in Kentucky and Indiana

The roles for traffic planning need clarification so that staff is not engaged in redundant work.

Recommendation J31: Clearly define the roles and responsibilities of Transportation Planning and Traffic Engineering staff with regard to Fayette County projects and planning activities.

Jessamine County, by agreement with the City, pays the City for the provision of MPO services. The agreement was initiated in 1993 and covers the Lexington urbanized area and Fayette and Jessamine counties. The 2000 population of Jessamine County represents 15% of the population in the joint MPO service area.

The Division of Planning is responsible for conducting and documenting continuing and comprehensive transportation planning, ongoing data gathering, acting as a liaison between the Kentucky Transportation Cabinet and the Federal Highway Administration, as well as conducting air quality conformity analysis. MPO staff is responsible for carrying out all transportation planning, technical assistance and Transportation Improvement Program (TIP) designations for Fayette and Jessamine counties.

Fees paid by Jessamine County to the City for MPO/transportation planning services have not been recently reviewed. The local match is typically 15% to 20% of total funding for federal dollars received by the MPO to conduct air quality planning, mobility/carpool coordination, congestion management, transit planning, public involvement and participation, freight coordination and transportation improvement projects planning. The total FY2008 local match for federal funding to the MPO was \$186,415. If Jessamine County were assessed a proportionate share of the local match based on the size of the County and the total MPO service area the fee for services would be an amount equal to 15% of total local match funds, as shown in Table J5 below, based on FY2008 MPO local match funds.

TABLE J5: LOCAL SHARE TO JESSAMINE COUNTY BASED ON MPO LOCAL MATCH

Lexington Local Match - Project Related	\$265,533
Lexington Local Match - Planning and Program Related	\$186,415
Total Local Match Funds	\$451,948
Funding at 15% of Lexington Match	\$ 67,792

Most MPOs have a system for equitable establishment and distribution for determining the local share for planning and improvement projects within the region. Lexington and Jessamine Fiscal Court have a longstanding verbal agreement that allows the City to invoice the County \$10,000 per

year to support the combined transportation planning activities for the two-county region.

Fifteen to twenty percent of total staff hours are dedicated to planning and technical assistance to Jessamine County which would equal a total of \$84,235 based upon total staff salary expenses of \$421,173 as shown in Table J6 below.

TABLE J6: TOTAL MPO SALARIES

MPO Manager	\$ 80,953
Administrative Specialist	\$ 31,140
Senior Planner	\$265,340
GIS Specialist	\$ 43,740
Total	\$421,173
20% Share of Total Staff Cost	\$84,235

Recommendation J32: Establish a formal agreement between the City and the Jessamine County fiscal court that outlines the purpose, provisions, staffing, reporting and funding of the MPO.

Recommendation J33: Assess and revise the annual payment from Jessamine County so that it is proportionate to the transportation planning services provided. In determining the appropriate local match, local communities have used percent of population, percent of lane miles driven and passenger miles ridden for roadway and highway improvements between member jurisdictions. For establishing transit allocations, poverty indices or other indicators of need may be used. For example, if the payment is derived as a percent of the total population of the total two-county area (12%), the payment by Jessamine County would be \$22,370; however, if it is calculated as a percent of the total MPO staff salaries, it could be as much as \$84,235. as shown in Table J6.

Land Use Software

The Division of Building Inspection currently uses the Building Inspection proprietary software system for entering and tracking plans and permits. The system is approximately seven years old. Permit signoff departments, including traffic engineering, engineering, fire, solid waste, addressing, and planning, have access to the signoff screen in the Building Inspection system.

In 2007, funding was approved for the purchase of an electronic permitting and plan submittal system. In addition to Building Inspection,

Fire and Code Enforcement are involved in the review and selection process for the new system. Planning Division staff is not involved.

Planning Division plans are currently filed in paper form. Major development plans, preliminary subdivision and final development and preliminary subdivision plans within expansion areas require 25 paper plan sets at the time of application submission.

Because the Division of Planning is responsible for the review and processing of required land use approvals prior to submitting application for the building permit, and because development review software systems typically include a planning application or module for tracking the zoning, subdivision, site plan and variance applications, it is logical that they be included in the selection process.

The best practice approach is to purchase a single development review software system that takes the application from start (in Planning) to finish (through final building inspection). In this way, all data on a single address is available and accessible to all reviewing units and the modules are compatible.

Recommendation J34: Develop a comprehensive integrated system for plans review and tracking that is linked to the process currently underway by the Division of Building Inspection. There is an opportunity for Planning, Building Inspection and outside development review agencies to create workflow efficiencies by partnering in this project.

Recommendation J35: Amend Planning Division filing requirements to require electronic submissions of applications, plans and supporting documentation.

Planning Division Administrative Support

The Planning Division currently has an excess of administrative support staff. Each of the four Planning programs has assigned administrative staff. Planning services has four FTE administrative staff positions; Long Range Planning has two FTEs and Strategic and Transportation Planning have one FTE administrative assistant or planning technician assigned. The administrative assistant within Transportation Planning works exclusively on transportation planning and MPO related activities

Excluding administrative staff for transportation planning, there is a total of eight FTE staff support positions in the division including one FTE administrative officer, three FTE administrative specialists, two FTE planning technicians, and two FTE staff assistants. There is an administrative or technical staff person for every two planners and managers, a very high ratio.

Some cross-training has already occurred. Administrative specialists within Planning Services are cross-trained and conduct case intake, file management, and are responsible for meeting preparation associated with the Technical Committee, Planning Commission subcommittee meetings, meetings of the full Commission and Board of Adjustment. Two FTE staff assistants assigned (one each) to Strategic and Long Range Planning are cross-trained to provide backup to the administrative specialists. A planning technician in Planning Services is assigned duties and functions that are beyond the knowledge base of the administrative specialist because basic planning knowledge is required and conducts basic planning research. The Long Range Planning planners are assisted by a planning technician and a staff assistant. Table J7 provides a summary of the number and distribution of support staff in the Planning Division.

TABLE J7: PLANNING DIVISION - ADMINISTRATIVE AND TECHNICAL STAFF BY PROGRAM

Program	Administrative Specialist	Planning Technician	Staff Assistant	Total
Planning Services	3	1		4
Strategic Planning			1	1
Long Range Planning		1	1	2
Transportation Planning*	1			1
Total	4	2	2	8

* Due to MPO funding restrictions, the duties of the administrative specialist are limited to Transportation Planning/MPO duties and activities.

Recommendation J36: Reduce the number of staff assistants by one. Only one staff assistant should be assigned to assist Planning Services, Strategic and Long Range planning as needed. There are multiple weekly application deadlines and meeting dates associated with Planning Commission meetings. Because of the preparation of minutes and legal notices, planned and unplanned absences and maintaining the application and planning committee calendar, it is not unreasonable to assign three FTE to cover these duties. Staff assistants are cross trained to provide back up for administrative specialists within the Division and also attend meetings of the Board of Adjustment and prepare meeting minutes. The elimination of one staff assistant will allow for full coverage and sufficient back up in each section as well as customer service functions. The position savings associated with this reduction in staffing is \$39,305.

Recommendation J37: Consolidate administrative and technical support staff into one administrative support section under the direction of the principal

administrative specialist. Consolidating administrative and technical functions in one section is a best practice that allows for maximum utilization of staffing resources for planning services, long range and strategic planning staff.

Major Subdivision and Zoning Review Process

The Planning Division has a detailed work program and schedule for processing applications from the point of submission to the Planning Commission public hearing. The review process can be shortened if certain applications can be handled administratively or by the appropriate Planning Commission Subcommittee. The Planning Commission is organized to consider and decide on agenda items in a two-stage process. Items are first discussed and considered in one of two Subcommittee meetings. Recommendations from the Subcommittee are forwarded to the full Commission for a final decision.

Applications for major subdivisions with accompanying development plans require three separate hearings and are reviewed by the Technical Committee, the Subdivision Subcommittee of the Planning Commission, and then before the full Planning Commission. The Technical Committee is an internal review team comprised of staff members from all internal and external reviewing agencies.

The time lapse from the Technical Committee to the meeting of the Planning Commission Subcommittee is one week, and the cycle time between the subcommittee meeting and the full Planning Commission ranges from one to three weeks.

Applications for zoning text and map amendments require two hearings and are reviewed by the Technical Committee, the Zoning Subcommittee of the Planning Commission and the full Planning Commission. For zoning text amendments, the time lapse from the Planning Commission Subcommittee to the full Planning Commission is three weeks.

Table J8 summarizes published review times for subdivision and zoning amendment applications.

TABLE J8: PLANNING DIVISION REVIEW TIMES

Plan Type	Calendar Days from filing to Technical Committee Meeting	Calendar Days from Technical Committee to PC Subcommittee	Calendar Days from PC Subcommittee to full Planning Commission
Major subdivision and development plans	28	8	7
Subdivision plans and all other development	21	8	7
		Calendar days from filing to Zoning Sub-Committee	Calendar Days from Sub-committee to Planning Commission meeting
Zoning amendments		20	21

Recommendation J38: Identify major subdivision and development plan applications that can be decided at the Planning Commission Subcommittee level. Doing so can save at least one week in overall processing time. Eliminating the need to have some applications heard by both the Planning Commission sub-committee and the full Commission will provide significant time savings to applicants. Authorizing final decisions by the Subdivision Subcommittee of the Planning Commission will require a change to Commission bylaws or rules of procedure.

Recommendation J39: Identify zoning text and map amendment applications that can be decided at the subcommittee level. Doing so can save at least three weeks in the overall processing time, and will require a change to Commission bylaws or rules of procedure.

Process maps for zoning and major subdivision and development plans can be found as Attachment J-1 to this report.

Development Review Process

The application and review processes associated with subdivisions and development plans includes review by a number of different staff within the City and outside agencies. Unfortunately, this process is not consistently made clear to applicants and educational outreach to process users can be improved.

At the present there are no formal process guidelines for Planning Services applications for zone changes, subdivisions and development plans and the sparse information available includes general information contained in printed brochures. The Planning Services webpage does provide forms, the filing fees and a summary of the steps included in the process for zoning text and map amendments, but the roles of the various participants involved in the review process are not detailed in writing.

Because this is a complex process involving numerous players, it is important to outline this process to users so that they understand who is involved and in what capacity.

Recommendation J40: Develop a handbook that details the various development review applications and processes. At a minimum the development handbook should explain the various participant roles in the process, provide an explanation of the different levels of review, including the Technical committee and the role of the Planning Commission, and detail the formal application, approval and post application processes. The handbook should include forms, timelines, fee schedules, contact names and numbers.

Recommendation J41: Publish the development handbook electronically with forms that can be completed and printed or filed electronically from the Planning Division webpage.

Time Standards for the Development Review Process

Plan certification is the review and sign off process that occurs after minor and major subdivision plans have been approved. Certification and signatures must be obtained from some or all of the following: the Planning Commission, the County Clerk/Recorder, the Planning Director, and Urban County Engineer (if public improvements are a part of the development), and the Mayor (if public acquisition is involved). Cycle time standards for plan certification do not exist beyond the 12 month maximum certification period for the submission of revised plans included in *The Minimum Land Subdivision Regulations of the Lexington-Fayette Urban County Government*.

If, at the time of Planning Commission approval, conditions are attached, the developer/engineer has 14 days to make the required additions or corrections to preliminary subdivision plans that accompany map amendment requests.

In the case of preliminary plans that do not have an associated map amendment, and all final development plans, the applicant has one year from the date of Planning Commission approval to satisfy all conditions of approval. Satisfying conditions of approval requires that the developer/applicant revise the approved plans and resubmit them to the appropriate department/division for review, approval and sign-off/certification. Certification of preliminary and final subdivision plan is required prior to recording subdivision plats by the County.

Staff publishes no timeline staff standards associated with the required reviews prior to signature and certification. There are no existing standards that govern the length of time of the City's internal review and

sign off for plans within the one year certification period. There is no tracking of cycle times of plans submitted for certification.

Given that “time is money” for the City’s process users, timeliness is critical to customer satisfaction. City staff should be cognizant of this and make every attempt to move projects through the pipeline as expediently as possible – without compromising the quality of review.

Recommendation J42: Develop and publish cycle time standards for review of plans submitted for certification.

Recommendation J43: Track certification cycle times.
Tracking is needed to determine the average time for completion of technical reviews and sign off for each participating department.

Combine Strategic and Long Range Planning

The Division of Planning includes work units for strategic planning and long range planning. There are overlaps in the current operations of both units.

Strategic Planning is responsible for working to produce short- and long-term implementation plans based on recommendations included in the adopted Lexington-Fayette Comprehensive Plan. The work of Strategic Planning is aimed at addressing timely planning issues and concerns that emerge based on current trends/data and may address issues of long range planning and development review. A key work program item of the strategic planners is the creation of an infill development strategy for the downtown and other areas within the urban service boundary.

The Long Range Planning unit encompasses comprehensive planning and growth management. Staff of this section is also responsible for sub-area and neighborhood planning, development of population projections, and maintenance of GIS land use layers. Long Range Planning staff will begin working on small area plans after the report for the recently adopted comprehensive planning is completed.

Each of the two programs has a manger assigned but the position of manager for Strategic Planning is currently vacant.

Planning Commissioners are concerned that neighborhoods want small area plans; however frequently there are no clear strategies for implementing these plans. In addition, some of the small area plans scheduled for initiation by the long range planning group may be impacted by the recommendations and strategies for infill development.

Other than comprehensive planning, which is carried out by staff in long range planning, many of the functions of the two groups are very similar. The current work plan includes projects for both strategic and long range

planning that will likely require close coordination between staff of the two programs.

One project on the current work plan is proposed for completion by planners from strategic, long range planning and planning services. There are probably other instances where joint strategic and long range planning perspectives are logical. The similarity in functions between the two programs, and manager vacancy, present an opportunity for consolidation.

Recommendation J44: Consolidate the Strategic and Long Range Planning units. A combined unit allows for flexibility in the use of staff and promotes greater collaboration on area plan projects and implementation strategies.

Recommendation J45: Eliminate the position of manager of strategic planning. This position is currently vacant. Implementation of this recommendation will result in savings of approximately \$107,075 (salary and benefits).

Planning Commission Review Process

As in most cities, Lexington has a Planning Commission to provide zoning review and planning guidance for development in the City. The current structure of the Planning Commission meetings creates an additional layer in the review and approval of some applications.

The Planning Commission is responsible for the review and approval of zoning text and map amendments, preliminary and final subdivision plans and development plans; as well as appeals to decisions by the BOAR and the Board of Adjustment.

The Planning Commission has established two subcommittees to facilitate detail review of zoning and subdivision recommendations. Subcommittee membership is split so that a Planning Commission member belongs to one subcommittee; these are working meetings.

Zoning text and map amendments are discussed by members of the Zoning Committee, while subdivisions and development plans are reviewed and considered by members of the Subdivision Committee.

Planning Commission public hearings and subcommittee meetings are held bi-monthly according to the following schedule:

- Subdivision Committee - first Thursday
- Zoning Committee – first Thursday
- Subdivision public hearing – second Thursday
- Work session – third Thursday
- Zoning public hearing – fourth Thursday

Planning Commission members attend a minimum of three meetings per month, consisting of one subcommittee meeting and two public hearings.

Not only is this arrangement time consuming for Commissioners, but it is redundant. Most applications are subject to three reviews: Technical Committee, Planning subcommittee, and the full Planning Commission. All items reviewed at the subcommittee level go to the full Commission.

It is not uncommon to have a total of 47 - 50 items on each of the three monthly Planning Commission agendas and Planning Commission members spend an estimated 10-12 hours per month preparing for and attending Planning Commission meetings. This is a high burden upon volunteer Commissioners, as well as significant work for applicants who must prepare for, and appear at, multiple meetings on the same application.

Planning Commission workload for the last three years is summarized in Table J9.

TABLE J9: PLANNING COMMISSION WORKLOAD DATA

	2004	2005	2006	2007
Total Applications Processed	596	610	497	458
Average Planning Commission Applications per Month	49.7	50.8	41.4	38.2

Recommendation J46: Streamline the Planning Commission review structure to allow decisions on some applications to occur at the committee level. Decisions made at the subcommittee level would then be forwarded to the full Commission for information only. This will eliminate a third meeting for applicants and reduce Planning Commission agendas.

Recommendation J47: Implement a consent agenda for full Planning Commission meetings. A consent agenda generally allows for mundane and non-controversial items to be approved in a batch and without discussion by Commissioners during the meeting. Commissioners should determine along with staff which review items are allowed to be placed on the consent agenda. It should also be agreed that Commissioners may request removal of any item on the consent agenda. The item would then be placed on the agenda of discussion items for consideration and action by the Commission.

Recommendation J48: Identify the types of applications that can be reviewed and approved administratively. Another way to streamline meetings is to identify plans that require minor review, such as minor plats and consolidation plats that can be delegated to Planning Division staff for review and final approval.

Planning Division staff regularly meets with the Technical Committee, conduct plans review and analysis, and develop staff reports that are forwarded to members of the Planning Commission prior to meetings. Planning Commission members then use the staff report to familiarize themselves with site issues and development proposals prior to meetings.

Planning commissioners state that reports are often received less than one week prior to scheduled meetings and that they do not always have an adequate amount of time to review staff reports prior to full commission or subcommittee meetings.

With the large number of agenda items and an average of three Planning Commission-related meetings per month, Planning Commission members should receive staff reports in a more timely manner.

Recommendation J49: Prepare and deliver staff reports to Planning Commission members no later than one week prior to a scheduled meeting. Firm deadlines should be established that hold true; late staff report submissions will not be included.

Recommendation J50: Provide applicants with written notice of deadlines for information required for staff review. Deadlines should hold as true for applicant submission of information as they do for internal staff report submissions. This will ensure that planners have adequate time to review plans and materials required for timely development of staff reports to Planning Commission.

Zoning/Variance Processes

Planning and zoning activities in the Commonwealth of Kentucky operate under legal guidelines established by Chapter 100 of the Kentucky Revised Statutes. Chapter 100.203 allows the Planning Commission to hear and decide applications for variances or conditional use permits when a proposed development requires a map amendment and one or more variances or conditional use permits.

The zone change process in designated infill and redevelopment areas has been streamlined to allow the Planning Commission to act on behalf of the Board of Adjustment (BOA) by considering variances during the

zone change process. KRS 100 allows for a broader application of this combined approval process.

Applications for development that are not included in the designated infill and redevelopment boundary have a two-step review process for zone changes and variances. The zone change is reviewed by the Planning Commission and the variance is reviewed and acted on by the BOA.

Recommendation J51: Combine zoning/variance requests and zoning/conditional use processes for certain development proposals outside of the infill and redevelopment boundary. Implementing this recommendation could potentially decrease the review cycle by 12 calendar days for variance requests and 20 calendar days for conditional use requests as shown in Table J10 below.

TABLE J10: BOARD OF ADJUSTMENT REVIEW TIMELINES

Action	Total Days
Conditional Use	
Application Filing	
Technical Committee	2
BOA Hearing and Decision	28
Total Days	30
Less days for the legal advertisement	10
Total Reduction in Review Days	20
Variance Request	
Application Filing	
Landscape Review Committee	12
BOA Hearing and Decision	10
Total Days	22
Less days for the legal advertisement	10
Total Reduction in Review Days	12

Recommendation J52: Identify other instances in which the Planning Commission can assume Board of Adjustment decision making powers for variance or conditional use requests combined with zone change applications.

Planning Division Position Savings

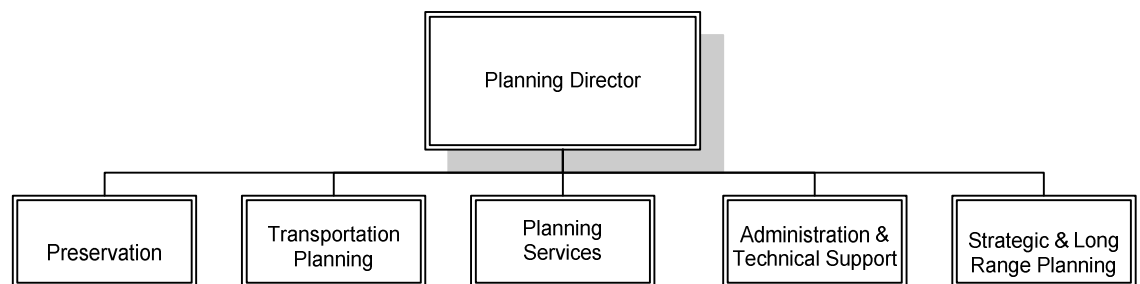
Total position savings achieved by implementing recommendations related to the Planning Division is summarized in Table J11 below.

TABLE J11: PLANNING DIVISION POSITION SAVINGS

Position	FY 2008 Salary	Benefit Rate	Total
Planning Manager (Strategic Planning)	\$86,489	23.80%	\$107,073
Staff Assistant	\$31,749	23.80%	\$39,305
Total Savings			\$146,378

The following Planning Division organization chart, shown as Figure J3, illustrates the recommended addition of the combined preservation program and consolidated administrative unit.

FIGURE J3: RECOMMENDED PLANNING DIVISION ORGANIZATION CHART



Division of Building Inspection

The Division of Building Inspection provides Plan review and inspections for commercial and residential construction projects within Lexington and Fayette County. Staff of Building Inspection has the following primary responsibilities:

- Enforcing the uniform Kentucky Building Code to ensure safe minimum levels of construction
- Zoning code enforcement
- Issuing building permits and certificates of occupancy

The Division of Building Inspection consists of 42 FTEs within four sections: commercial, residential new construction, existing residential construction and administrative office management. The Division has an FY2008 approved budget of \$2,930,380 million, with 95.9% of that spent on salaries and benefits.

Total permit and inspection workload for the past three years and the first nine of months of 2007 is summarized in Table J12.

TABLE J12: BUILDING INSPECTION BUILDING PERMIT SUMMARY

Year	Permits	Buildings	Units	Square Feet	Construction Cost
2004	8,932	4,018	4,140	14,387,764	534,517,640
2005	9,378	4,288	4,302	16,513,800	701,847,498
2006	7,365	3,452	4,033	13,711,148	627,325,020
2007 YTD (Sept.)	5,171	2,369	2,155	8,138,302	489,570,456

The following findings and recommendations apply to the Division of Building Inspection.

Commercial Plan Review

Each time a commercial plan set is reviewed, plan review information is completed and maintained manually and electronically.

A plan review record is completed manually for each application. A one-page commercial checklist is completed for commercial projects and retained in the Building Inspection system for permit applications. The commercial checklist is a summarized and condensed form of the more detailed five-page plan review record which was also completed manually.

Completing both the commercial checklist and the more detailed plan review record represents a duplication of effort.

Recommendation J53: Eliminate the commercial check list to prevent duplication of effort.

Recommendation J54: Convert the plan review record to electronic format. Include the plan review record form in the design of the new electronic plan review and inspection system.

Residential Plans

The current Building Inspection information system allows commercial applicants to review the approvals screen on-line to determine project status. A read-only screen allows the applicant to view the status of approval, date of the review, and any comments entered by the reviewer.

However, online plan review information can be accessed for commercial projects online and is not available for single- and two-family residential projects.

Residential applicants should be extended the same courtesy to check status as for commercial applicants.

Recommendation J55: Incorporate online, read-only status reports for residential plans.

Recommendation J56: Add reviewer phone numbers to the approval status screen as a convenience to applicants checking plans status.

Cycle Time Expectations for Building Inspection

Building Inspection staff is currently in the process of reviewing various software applications that will allow for electronic plan review and inspection requests for all Building Inspection applications. Other City agencies involved in this effort include Fire and Code Enforcement.

Each of the three programs within Building Inspections has a 24-48 hour turnaround time standard for responding to complaints received through LexCall and complaints called in directly to Building Inspection. Persons scheduling inspections are informed that inspections will be completed in 24 to 48 hours of the request, except for inspections requests that are made on Friday. Anecdotally, staff seem to think that they are able to complete inspection requests within 48 hours, but there is no data available to support this claim.

Despite this, inspection response times are not tracked to ensure that zoning, code enforcement complaints and inspection requests are completed within the established time period. No tracking of 24 to 48 hour standard for complaints and inspection requests currently exists.

It is important for customer service and performance evaluation to ensure that turnaround time standards are met, barring special circumstances.

Recommendation J57: Identify and analyze the origin and type of complaints received.

Recommendation J58: Incorporate data collection for response to complaints and inspection requests into the design of the electronic plan review and permitting system.

Tuesday Morning Meeting Process

Building Inspection conducts a weekly, multi-department internal staff review of plans, called the Tuesday Review Board, at no charge to applicants. The Tuesday Review Board is divided into two meetings: a morning meeting and an afternoon meeting. Plan review is conducted in half-hour time blocks and a round robin discussion allows each representative to provide verbal comments on the project to the applicant. Plans are retained by Building Inspection staff and the Fire Marshal, who have two weeks following the meeting to review the plans and provide written comments to the applicant. Applicants who do not gain approval may request another Tuesday review.

The morning meeting for new buildings and additions began in the 1980s and the meeting is held from 9 a.m. to noon. Attendees include representatives from Building Inspection, Engineering, Stormwater, Erosion Control, Traffic Engineering, Solid Waste, Addressing, Environmental, and Emergency Management.

The afternoon review, for the purpose of expediting the review of small, simple plans such as tenant refinishes and remodels began in 2003 and are reviewed by a Building Inspection plans reviewer, addressing representative, and the Fire Marshal. If all items have been satisfactorily addressed, the applicant can walk out of the meeting with permits in hand.

The method used by applicants to gain access to the Tuesday Plan Review meeting agenda is unclear. Since there is no formal written criteria for the types of plans best suited to this expedited review, access to the meeting is severely limited. The primary way in which applicants learn about Tuesday Review is if staff suggests it, or they know someone who has previously used this service.

Over the last three years, the volume of plans reviewed by the Tuesday Review board averaged 232 applications per year for new buildings and additions, and 258 for small projects including tenant refinishes and remodels. In 2006, the Tuesday Review meeting was used for a mere 6% of the total permits issued.

Table J13 summarizes the three year review volume.

TABLE J13: TUESDAY REVIEW BOARD MEETINGS

	2004	2005	2006	Three-Year Annual Average	2007 Projects	Plans/ Week
Morning Review	263	242	192	232.3	212.0	4.6
Afternoon Review	257	269	249	258.3	253.3	5.2

Last-minute cancellations and “no shows” are common. While it is estimated by staff that about 50% of applicants leave the afternoon plan review meeting with a permit, staff has no real sense of time savings associated with plans that are reviewed during the morning review session.

Scheduling of a Tuesday appointment block is at the request of the applicant, however no information is provided and the only way an applicant knows to request a timeslot is if staff suggests it or they learn about the process from a previous user. There are minimal criteria in place for the types of projects best suited for this type of review.

The Tuesday meetings are a best practice, but the process needs clarification, informational outreach, and formalization to make it most effective for staff and customers.

Recommendation J59: Develop and publish review criteria and identify the types of plans best suited to the Tuesday morning review.

Recommendation J60: Adopt a policy that any plan that meets the specified criteria is automatically scheduled for Tuesday morning review.

Recommendation J61: Institute a cancellation policy and a “no-show” penalty fee equal to double the cost of the staff time for the half-hour consultation with City department representatives.

Historic District Plans

Improvements in historic districts are reviewed and decided by the Board of Architectural Review (BOAR). The BOAR is a five-member review board appointed by the Mayor and meets twice per month to review applications for alterations and changes to properties located in H-1 overlay zones. H-1 overlay zones are used to protect areas, neighborhoods, buildings and sites having historic significance. The BOAR also makes recommendations to the Planning Commission concerning the local designation of historic districts and landmarks.

Applications for improvements within H-1 overlay zones are first reviewed by staff, who then draft a staff report to the BOAR. Prior to completion of

the staff report, it is circulated to other City divisions for review, including Building Inspection, Fire, Traffic Engineering, and Planning. However, plans are not always circulated to Building Inspection for review, causing delays at the point of building permit issuance.

The BOAR issues certificates of appropriateness for alterations and changes to properties, except for ordinary maintenance, based on design guidelines and criteria established for each designated historic district. If the application for the Certificate of Appropriateness is approved, a copy is forwarded to the Division of Building Inspection for review as part of the process to issue a building permit.

In some cases applicants are denied because the BOAR approved improvement does not meet building codes. This results in time delays to the applicant because, in order to obtain a permit, the plans must be revised and reviewed again with the BOAR.

Recommendation J62: Forward applications for Board of Architectural Review to the commercial project facilitator or the appropriate residential construction supervisor in Building Inspection prior to staff report completion. This will allow for sufficient review and comment by Building Inspection plans reviewers prior to the applicants request for building permits.

Residential Construction Inspectors

As shown in Table J14, staff of the existing residential construction program is divided into three units: one- and two-family additions and remodels, zoning and complaints, and mechanical inspections.

Staffing for one- and two-family additions and remodels consists of a supervisor and three building inspectors. Each building inspector is assigned to a specific geographic area within City boundaries for his/her inspections.

TABLE J14: STAFFING TABLE - EXISTING RESIDENTIAL CONSTRUCTION

Section	FTE
Supervisor	1
One & Two Family Additions & Remodels	4
Zoning & Complaints	3
Mechanical Inspections	6
Total	14

Plan review functions are rotated weekly and according to a schedule among all existing residential inspectors. Among one- and two-family residential and zoning inspectors there is no rotation of inspection areas.

Recommendation J63: Develop and implement a schedule to rotate assigned inspection areas.

Rotating inspection area assignments and using a schedule similar to those used for plan review is a best practice. It allows for variety and diversity in perspective and will promote coordination and increased communication among inspection staff.

Residential Inspection Staffing

Residential plan review and inspections are carried out by two teams within the Division of Building Inspection: one team is responsible for new residential development and the other team is responsible for existing residential development. In total there are 12 FTEs devoted to residential (new and existing) inspections.

The new residential group is responsible for plan review and inspections associated with the construction of new single family and two family developments, and a total of nine FTEs staff are trained to conduct inspections and plan reviews for new residential developments.

The existing residential group carries out similar duties for single-family and two-family permits for remodels, additions, decks, garages and other accessory structures, fences, retaining walls and duplex conversions. There are three FTEs assigned to plan review and inspections associated with existing residential units. These three FTE inspectors/plans reviewers are assisted, as needed, by two FTE inspectors assigned to respond to zoning complaints.

In light of the recent slowdown in the housing market, staffing levels for new residential plan reviewers/inspectors may be high. In 2006 a total of 19.6% of all permits granted were for single- and two-family residential units. The number of permits issued for one- and two- family units decreased 34.1% between calendar years 2004 and 2006 from 2,188 to 1,441.

Of the 12 FTEs assigned to new and existing residential, one FTE from each unit is assigned to plan review each day for eight hours. These plans reviewers assist applicants that visit the counter or call with requests and questions. Based on analysis of the hours per day devoted to plans and review, and the average number of inspections per permit issued, Management Partners derived a total number of inspections for the number of permits issued for 2006 (8,646). Dividing the 8,646 (total average inspections) by total inspection days per year (248) equals the average number of new and existing residential inspections per day, which is 34.9.

Using an average of one hour for each inspection (including travel time) 35 inspection hours are required per day to complete the workload. There are a total of six hours per day devoted to inspections, which means that

an estimated six FTEs per day are needed to conduct 35 inspections per day. Adding one FTE to ensure backfill coverage during days off results in a total of seven FTEs required to handle 2006 workload demand.

Recommendation J64: Reduce the number of staff devoted to new and existing residential inspections by three FTEs. The estimated savings, including benefits, associated with elimination of three residential inspectors totals \$187,007.

Recommendation J65: Use contract inspectors as needed to handle peak residential inspections in excess of 2006 workload volumes.

Total position savings achieved from the recommendations is summarized in Table J15 and includes the elimination of three FTE residential inspector positions.

Table J15: Division of Building Inspection Position Savings

Position	FY 2008 Salary	Benefit Rate	Total
Building Inspector	50,352	23.80%	62,335.78
Three FTE positions			187,007.33

Inspector Scheduling

Inspection requests can be called in by customers to the Division of Building Inspection between the hours of 8:00 a.m. and 4:30 p.m. Inspection requests that come in after business hours are left by voicemail message and the request is scheduled for the next business day. Administrative staff assigned to the customer service counter is responsible for scheduling inspections, an entirely manual process at this point.

Delays in scheduling inspections occur because developers and engineers do not have the ability to schedule in real time (24/7) via the phone or internet; a best practice among high performance building inspection operations.

Building Inspection is in the process of selecting a plans review; permitting software system and automation of inspection scheduling should be included.

Recommendation J66: Implement a web-based inspection scheduling system as part of the on-going project to implement a plan review and permitting software system within the division and other review agencies. A best practice development permitting

application is web-based or online scheduling that allows scheduling through a real-time/live calendar such as MS Outlook. This allows the person making the request to schedule an appointment based on available openings for days or weeks at a time. Frequently governments include penalties for no-shows to discourage erroneous appointments.

Take-Home Vehicles for Inspectors

As is common in some jurisdictions, building inspectors each begin the workday by arriving at the office to pick up daily inspection assignments, checking messages and returning phone calls prior to beginning field inspections. At the end of the day, inspectors return to the office to enter inspection notes into the Building Inspection system.

The result of this schedule is that approximately one to two hours of potential productive time per day (up to 25%) is lost per inspector due to the need to begin and end at the office each day. In order to increase inspector productivity and maintain staffing levels, the City should explore alternatives to this scheduling arrangement.

Recommendation J67: Pilot test the use of take home vehicles so that inspectors begin and end daily inspection duty from home rather than driving into the office. This recommendation cannot be implemented until plan review and permitting software is operational and inspectors are equipped with tablet PCs or handheld devices.

Recommendation J68: Develop performance requirements for staff persons who participate in the take home vehicle pilot. The use of performance measures will ensure accountability of inspectors who are not required to report to the office.

Physical Workspace

The Division of Building Inspection is comprised of the four programs, three of which are dedicated to the plan review and inspections functions for commercial, residential new construction and existing residential construction.

Applicants must submit plans in person at a central intake counter at Building Inspections. Because there are currently no capabilities for electronic plans submissions, only hard copy plan sets and applications are accepted. Intake counter space allows for the viewing of two large plan sets at once.

As currently configured, there is inadequate space within the office for one-on-one plan review and private consultations and meetings. There is one meeting/conference room in the office and space for conducting a

private meeting with an applicant or potential applicant is limited. Due to the complexity and size of commercial applications, review is lengthy and ties up limited counter space.

Recommendation J69: Identify an alternative meeting space that can be used by plans reviewers.

Recommendation J70: Require appointments for commercial building plans.

Conclusion

The Department of Public Works and Development can improve operations by streamlining its organization structure and clarifying roles and duties to eliminate redundancy. Process improvements for planning staff and Planning Commission review will shorten cycle times and ensure thoroughness of review. Street sweeping, snow removal, and street tree maintenance can be improved through use of best practices.

K. DEPARTMENT OF ENVIRONMENTAL QUALITY

The Department of Environmental Quality was created as part of Mayor Newberry's 2007 reorganization to address the challenges posed by the forthcoming US Environmental Protection Agency (USEPA) sanctions, which target local violations of the Clean Water Act. The department was created by joining employees from the divisions of Engineering, Planning, Risk Management and Environmental and Emergency Management with the Sanitary Sewer and Solid Waste divisions to form the new department. The department consolidates environmental functions together under one umbrella, making for a more streamlined, efficient approach to environmental challenges.

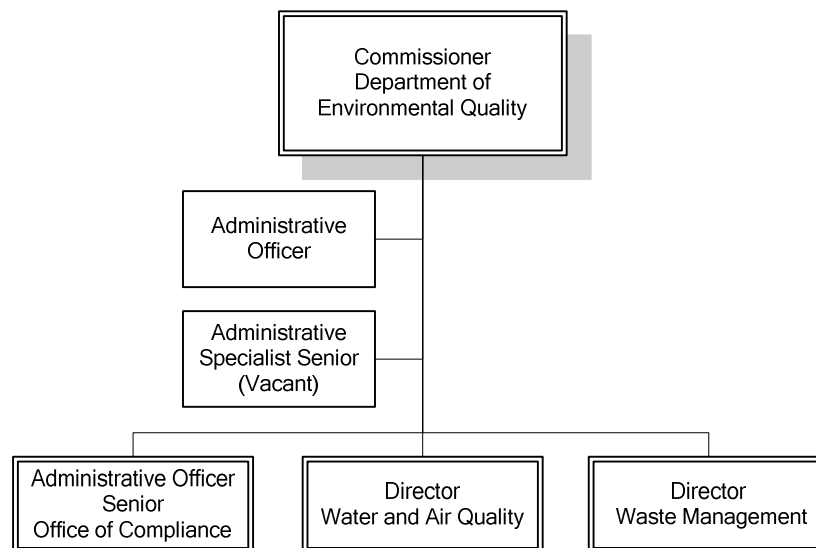
Department functions include the provision of solid waste services and sanitary sewer maintenance and construction and wastewater treatment. The department will also assume responsibility for stormwater management. The department, which is managed by the Commissioner for Environmental Quality (appointed by the Mayor), is divided into three divisions:

- Office of Compliance
- Water and Air Quality
- Waste Management (formerly known as the Division of Solid Waste)

Management Partners has reviewed all three divisions. It is important to note that the review of Water and Air Quality came in advance of the pending consent decree with the USEPA and that recommendations do not include staff, equipment or policy issues that may result from that agreement. Furthermore, interviews related to the Division of Water and Air Quality were limited to discussions with the Commissioner, its director and one other senior manager. The Division of Water and Air Quality and the Department of Public Works have a number of overlapping or related responsibilities. Consequently, recommendations presented in this section include a few comments that will also impact the Department of Public Works.

Figure K1 shows the department's current organizational structure.

**FIGURE K1: DEPARTMENT OF ENVIRONMENTAL QUALITY ORGANIZATIONAL
STRUCTURE AND STAFFING**



The Department of Environmental Quality is one of the larger departments with 408 authorized positions. As a new department, the organizational structure, support functions and even office equipment is still in the process of coming together.

The Department of Environmental Quality is expected to lead the City through a major initiative to “green” the government and move the community and organization towards environmental sustainability. The department will also need to meet the demands of the pending consent decree with the USEPA. These two major new responsibilities are added to the work assumed with the creation of the department.

The Commissioner is both the senior manager for a very large operating group and the public face for new environmental initiatives and a proposed stormwater utility. Time requirements on the position leave less than adequate personal resource to dedicate to the development of initiatives and basic management of the department. Adding a senior staff person in the form of a Deputy Commissioner will allow the sharing of duties and provide continuity and direction for the department when the Commissioner is unavailable.

Development of new initiatives involves considerable research and policy development. Environmental sustainability is relatively new as a government theme but there are numerous examples to borrow from. There are several programs, conferences and even significant grants to assist communities in pursuing environmental objectives. Dedicating someone to this effort could have significant benefit, both in developing

policy without trying to reinvent what others have already done and in identifying potential grants to help with the cost of implementation.

In order to support the Commissioner and the department's significant initiatives properly, as well as the new responsibilities of the Division of Environmental Policy, a restructuring of the current management and analytical positions is needed within the Commissioner's office.

Recommendation K1: Create an administrative officer senior position for the Department of Environmental Quality.

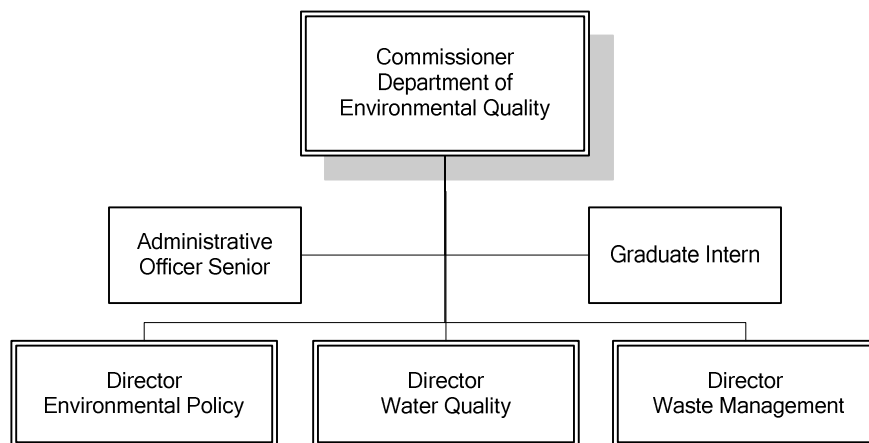
Recommendation K2: Fill the vacant Administrative Specialist Senior position in the Commissioner's office and transfer that person to the Division of Environmental Policy.

Recommendation K3: Add a graduate intern position.
This position would have responsibility for special projects, research, report development as well as identifying and coordinating potential grants for environmental sustainability and building a green Lexington-Fayette Urban County Government.

Recommendation K4: Transfer the Administrative Officer currently reporting to the Commissioner to the Division of Environmental Policy.

Figure K2 shows the department's proposed organizational structure.

FIGURE K2: DEPARTMENT OF ENVIRONMENTAL QUALITY PROPOSED ORGANIZATIONAL STRUCTURE AND STAFFING



Commissioner's Office Position Impact

The total estimated impact of position recommendations resulting from implementing staffing recommendations related to the Commissioner's office is summarized in Table K1 below.

TABLE K1: OFFICE OF THE COMMISSIONER FOR ENVIRONMENTAL QUALITY POSITION IMPACT

Office of the Commissioner for Environmental Quality				
Position	Action	FY 2008 Salary	Benefit Rate	Total
Graduate Intern	Created	\$12 per hour	N/A	\$12,480.00
Division Director	* Created	\$88,397	23.80%	\$109,435.49
Total Cost				\$121,915.49
* The Division Director salary that is being recommended was estimated calculating the average FY 2008 salary for division directors throughout the City of Lexington				

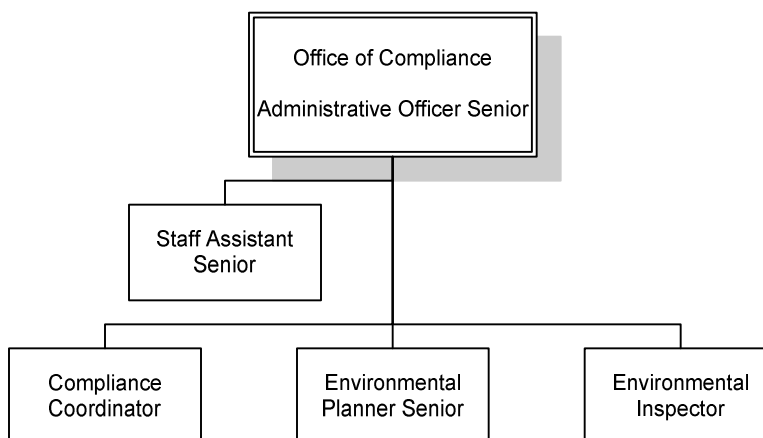
Office of Compliance

The Office of Compliance is a new division formed in the recent reorganization to focus on internal compliance with environmental regulations and environmental objectives such as "greening" government. The office will research and encourage the use of recycled materials and develop and issue internal communications highlighting best practices.

The office consists of four FTEs and a temporary employee and has a budget of \$340,720.

Figure K3 shows the division's current organizational structure.

FIGURE K3: OFFICE OF COMPLIANCE ORGANIZATIONAL STRUCTURE AND STAFFING



The Office will help Lexington-Fayette Urban County Government divisions comply with federal, state, and local environmental laws and regulations.

Mission Statement

The working mission statement that was proposed during the Fall of 2007 is: “Simply stated, the mission of the Office of Compliance is to help. We are here to help Lexington-Fayette Urban County Government divisions comply with federal, state, and local environmental laws and regulations and to help the Lexington-Fayette Urban County Government conduct operations in a way that is sustainable, conserves natural resources, and protects and preserves the natural and urban environment.” The Office of Compliance’s goals are listed below.

Goals:

- Assist the Lexington-Fayette Urban County Government departments and divisions to conduct operations in a way that is sustainable.
- Assist departments and divisions, in ensuring the environment is restored to applicable federal, state and local cleanup standards when a release occurs.
- Assist divisions in identifying environmental permits and planning documents required under federal, state and local laws and provide guidance/assistance to the individual divisions in preparing these documents.
- Assist individual divisions with managing non-hazardous, hazardous and special wastes.
- When requested, review proposed acquisitions of buildings and land of significant size by the Lexington-Fayette Urban County Government (to include those donated to the Lexington-Fayette Urban County Government) prior to acquisition to identify potential environmental liabilities.
- Upon request, review the (major) construction/renovation/demolition projects with the responsible (controlling) division prior to beginning work in order to identify and address potential environmental concerns.
- Assist in evaluating purchasing procedures to ensure that the procedures being used at both the individual divisional level and government-wide are supportive of Lexington-Fayette Urban County Government environmental initiatives.
- Periodically survey Lexington-Fayette Urban County Government operations to assess compliance with federal, state and local environmental regulations.
- Prepare a written report annually for submittal to the Mayor, Council, as well as the commissioners and directors of departments and divisions discussed in the report summarizing Lexington-Fayette Urban County Government environmental compliance efforts, identifying areas where improvements may be needed, and highlighting achievements of the previous year.
- Assist in “greening-up” government operations.

- Educate employees on green issues by writing “The ‘Green’ Space” articles for the *Employee Extra*.

Role and Organizational Structure

In interviews, the Commissioner and office staff were still in the process of defining their “official” duties, responsibilities and priorities under the new organizational structure. The mission statements, goals and objectives and long range plans for the Office of Compliance are still preliminary. Brainstorming activities between the Commissioner and division staff have identified an extensive list of opportunities to become active in promoting the current mission statement. Refinement and prioritization of this list will serve as a guide for future staffing requirements.

The creation of the Department of Environmental Quality and the assumption of responsibilities previously held by other departments will require amendments to existing ordinances and policies. Furthermore, new responsibilities assumed by the department will require that enabling ordinances and written policies be put in place to define the level of authority and enforcement ability for the Office of Compliance.

The title “Office of Compliance” is a bit of a misnomer and gives the impression of an enforcement role that does not appear to meet intended function. Along with this, the designation “Office” instead of “Division” has proven to be somewhat confusing as it is the only such designation within Lexington-Fayette Urban County Government.

Air quality responsibilities were initially added to the Water and Air Quality Division although no staffing or specific charges were provided. No specific duties were communicated and the title was created to create a home for future initiatives and programming.

Air and water quality issues are not generally related and a better fit for these responsibilities would be the Division of Environmental Policy. At this time the only City staff person dedicated to air quality issues is the air quality senior planner in the Public Works Department. This position is grant funded and dedicated to traffic-related air quality issues and would add little capacity to the division if transferred. The position should however, be able to assist the Division of Environmental Policy in evaluating air quality needs and opportunities within the City.

The reorganization was a first step but without direction, clarity of purpose, and authority to implement and enforce policy, the new Office of Compliance will achieve limited success.

Recommendation K5: Change the name of the “Office of Compliance” to “Division of Environmental Policy.”

Recommendation K6: Develop a mission statement, goals and objectives, and a work plan for the new Division of Environmental Policy.

Recommendation K7: Revise ordinances to reflect the new organizational structure for responsibility and enforcement.

Recommendation K8: Transfer environmental management duties of the Division of Environmental and Emergency Management (DEEM) to the Department of Environmental Quality. This recommendation is explained in the Public Safety chapter of this report, Recommendation L20.

Recommendation K9: Transfer air quality responsibilities from the Division of Water and Air Quality to the new Division of Environmental Policy.

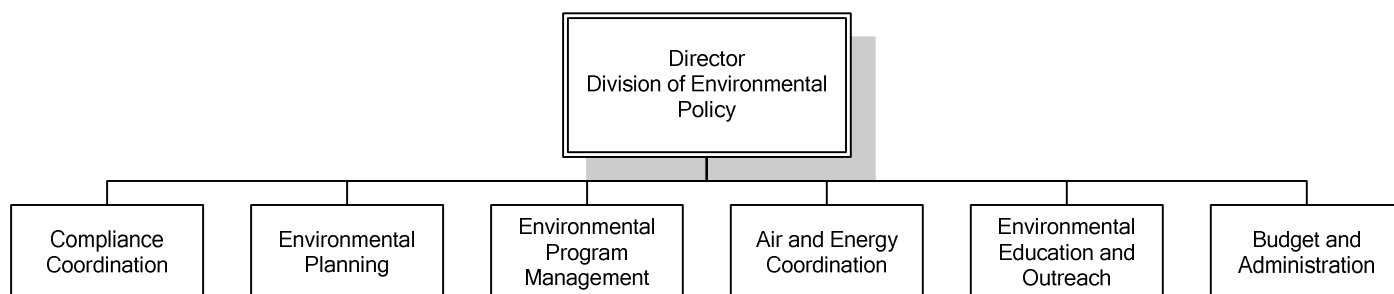
Recommendation K10: Enlist the air quality senior planner from the Division of Planning in the process of evaluating air quality opportunities, priorities and staffing needs for the new Division of Environmental Policy.

It is very likely that additional staff and resources will be required in the near future to fulfill the responsibilities of this division. However, the workload data that would make staffing analysis possible does not currently exist.

Recommendation K11: Review staffing requirements for the new Division of Environmental Policy once duties, priorities and workload are firmly established.

Because this division is new and is in the process of defining its mission, Figure K4 shows the new division's proposed functional organizational structure, rather than a more traditional position-based table of organization.

FIGURE K4: DIVISION OF ENVIRONMENTAL POLICY PROPOSED FUNCTIONAL ORGANIZATIONAL STRUCTURE



The total estimated impact of position recommendations resulting from implementing staffing recommendations related to the Division of Environmental Policy is summarized in Table K2 below.

TABLE K2: DIVISION OF ENVIRONMENTAL POLICY POSITION IMPACT

Position	Action	FY 2008 Salary	Benefit Rate	Total
Administrative Officer	*Transferred In	\$40,455	23.80%	\$50,083.29
Administrative Specialist	*Transferred In	\$40,011	23.80%	\$49,533.62
Administrative Specialist	*Transferred In	\$40,011	23.80%	\$49,533.62
Program Manager	*Transferred In	\$49,148	23.80%	\$60,845.22
Total Savings				\$0.00
* Because these positions were transferred into the division, government-wide costs are not experienced				

Division of Water and Air Quality

The Division of Water and Air Quality operates and maintains the government-owned sanitary sewage system for the majority of Lexington-Fayette County. The system includes 76 pump stations, almost 1,400 miles of sewer line, over 28,000 manholes and two large sewage treatment plants – Town Branch, off Old Frankfort Pike and West Hickman, on Ashgrove Pike. Wastewater collection systems maintenance is responsible for all maintenance, cleaning, and rehabilitation of sewer lines within the Lexington-Fayette County service area.

The sanitary sewer system and supporting pump stations are inadequate to manage peak flows and result in too frequent discharges of untreated sewage to receiving waters. The pump stations are in generally poor condition as well as being, in some cases, undersized. The two

wastewater treatment plants have not been kept up to date and are also reaching their hydraulic capacities to process wastewater.

Water and Air Quality is also responsible for stormwater management and is negotiating with the USEPA regarding violations of the Clean Water Act. The extent of mitigation required will be dependent on a negotiated settlement and is currently undetermined in scope.

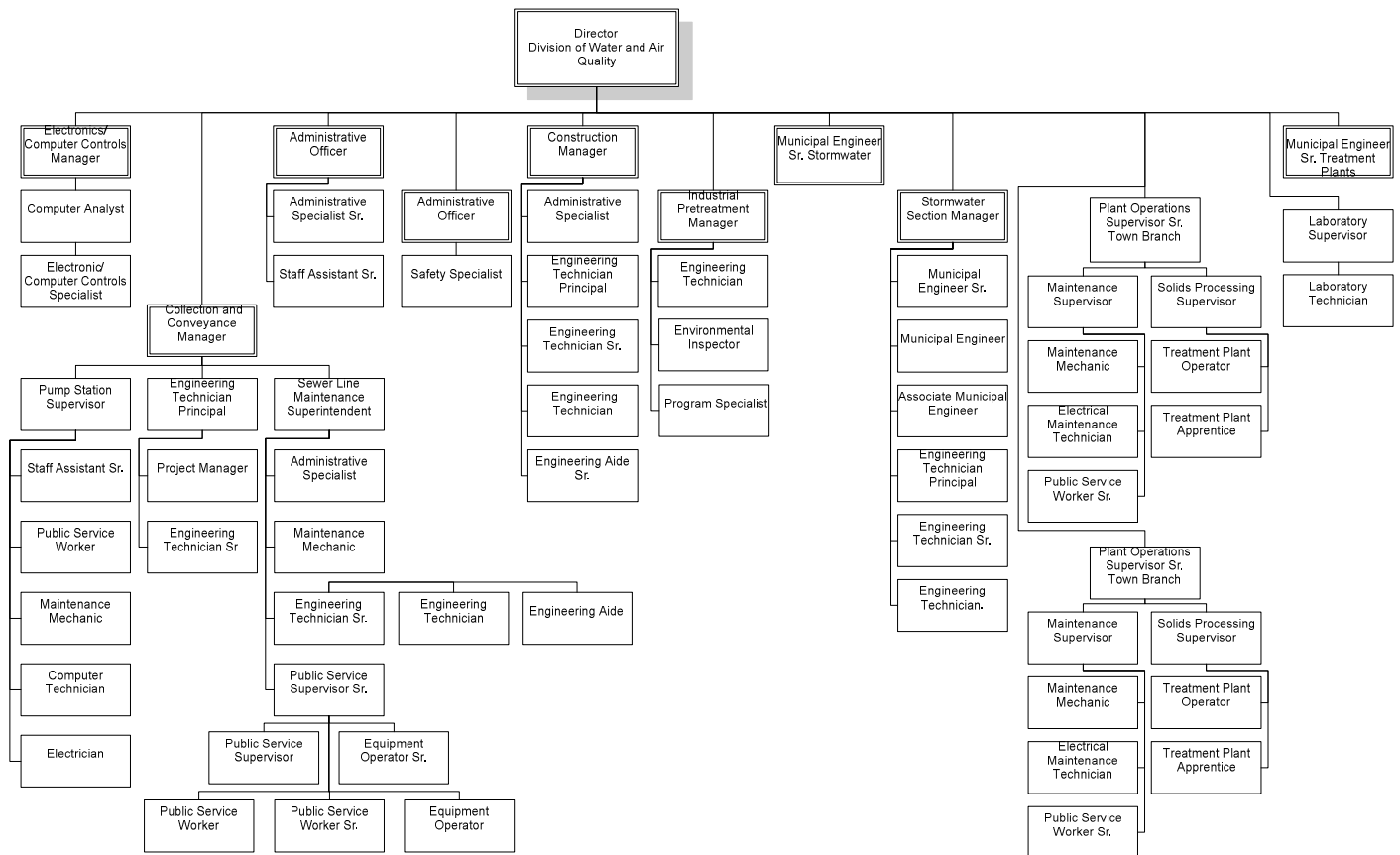
Organizationally, Water and Air Quality is divided into many smaller functions with managers reporting to its director. There is a proposed reorganization that will cut the number of direct reports to only 11. This is unwieldy and creates a knowledge gap when the Director of Water and Air Quality is unavailable. It is also unnecessary based on the size and make-up of the existing staff.

The Division of Water and Air Quality has an authorized staffing level of 159 FTEs with an addition of five seasonal employees and currently employs 144 FTEs and three seasonal employees. The division has a budget of \$37,599,825.

While air quality is currently a part of the assigned responsibilities for this division, no staff is currently assigned to this function.

Figure K5 shows the division's current organizational structure.

FIGURE K5: DIVISION OF WATER QUALITY CURRENT ORGANIZATIONAL STRUCTURE AND STAFFING



The following findings and recommendations apply to the Division of Water and Air Quality.

Streamline Organizational Structure for the Division of Water and Air Quality

There are currently 12 direct reports to the Director of Water and Air Quality. Operations are divided into functional areas and only the director has focus on overall policy. Significant effort is expended on day-to-day operations. Furthermore, the large number of reports leaves the division without a viable back-up in the absence of the director as each manager has only a limited view of the organization. This focuses all system knowledge on a single individual with little or no back-up when the director is absent. It also creates a tedious process of management and information gathering.

Water and Air Quality currently has its own engineering and construction management section with engineering focusing on stormwater. Elsewhere in this report, Management Partners has recommended consolidation of capital projects management under the Department of Public Works. In this particular case, where there will be a concentrated effort to implement changes associated with the pending consent decree with USEPA, it is recommended that these functions remain in Water and Air Quality. This should be revisited once the dictates of the consent decree are met.

Recommendation K12: Rename the “Division of Water and Air Quality” to “Division of Water Quality.”

This will better define the division’s function and reflect the transfer of air quality responsibility to the Division of Environmental Policy.

Recommendation K13: Streamline the new Division of Water Quality. The management structure of this division is unwieldy and requires the director to be involved in the management of staff and operational issues at a level that should be handled by intermediary supervision. The following actions should be taken to improve the management structure:

- Create three senior management positions consisting of a deputy director for operations, a deputy director for technical services and an administrative manager senior
- Managers reporting to the deputy director of operations should include:
 - Collection and conveyance manager
 - Municipal engineer senior treatment plants
 - Laboratory supervisor
 - Plant operations supervisor senior (Town Branch)

- Plant operations supervisor senior (West Hickman)
- Managers reporting to the deputy director of technical services should include:
 - Industrial pretreatment manager
 - Electronic and computer controls manager under which all computer, electrical and electronic staff would be consolidated.
 - A new position of construction and engineering manager under which the sections currently led by the construction manager, municipal engineer senior stormwater and the stormwater section manager are consolidated into a single functional group. These three positions would be eliminated.
- The administrative manager senior should assume responsibility for the two existing administrative management sections.

Recommendation K14: Organize the new Division of Water Quality under three operating areas: Administration, Technical Services and Operations.

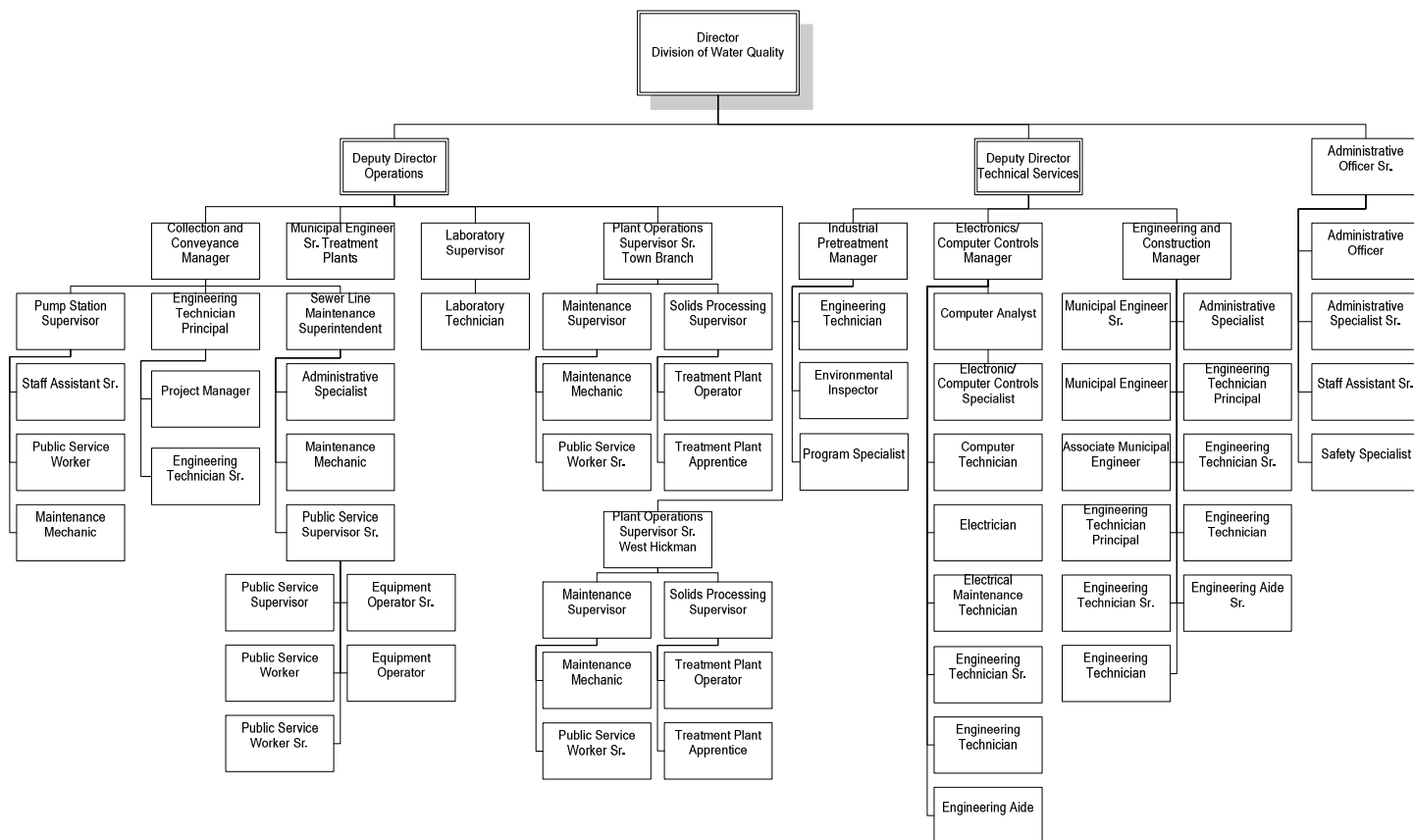
This will reduce the number of direct reports to the director to three with each of the three managers responsible for specific functional areas and able to provide the director and the Commissioner with necessary support.

Recommendation K15: Re-evaluate staffing needs once the requirements of the consent decree are known and fully evaluated. At the time of this writing, the specific requirements of the pending consent decree were unknown to Management Partners. Staffing needs should be re-evaluated in light of any agreement.

Recommendation K16: Review transfer of Construction Management and Stormwater Engineering to the Department of Public Works at such time as the division meets the requirements of the consent decree with the Environmental Protection Agency.

Figure K6 shows the division's proposed organizational structure.

FIGURE K6: DIVISION OF WATER QUALITY PROPOSED ORGANIZATIONAL STRUCTURE AND STAFFING



Operations Management

The Division of Water Quality has access to and uses both Supervisory Control and Data Acquisition (SCADA) and computer based operations and maintenance software to help with facilities management and maintenance. Both systems are out of date. Physical maintenance of facilities is lacking, at least partially due to the advanced age of many of the facilities. It appears that much of the sewer system is currently unmapped even on paper, let alone GIS.

Recommendation K17: Modernize the SCADA system in conjunction with planned physical plant and system improvements.

Recommendation K18: Modernize the maintenance management software in conjunction with planned physical plant and system improvements.

Recommendation K19: Complete the physical mapping of the sanitary and storm sewer systems with digital representations included in the GIS.

Recommendation K20: Implement asset management software for the sanitary and storm sewer systems.

Capital Improvement Planning

The wastewater treatment plants, pumping stations and sewer systems are all in need of physical repair and upgrading. This will be an overlapping effort as changes to any one piece of the system will have an effect on the rest. For example, fixing all of the pumping stations may cause sewage to be delivered at a rate exceeding the treatment facility's capacity to treat. Looking at the problem piecemeal may also hinder the ability to save funds by developing an overall solution. It has been mentioned that there is significant possibility to reduce the number of pumping stations which would in turn improve operating efficiency and reduce maintenance needs.

Recommendation K21: Develop a comprehensive plan for capital improvements.

Stormwater Management Funding and Practices

Environmental Quality is in the process of negotiating with the USEPA regarding noncompliance with stormwater management regulations. While specific enforcement actions have not been determined, compliance is expected to be costly and will likely lead to agreement for the implementation of comprehensive stormwater management policies and capital programs.

Storm sewer maintenance, street sweeping and portions of the Engineering Division of Public Works are not currently included in the Department of Environmental Quality and are funded by General Fund or special district assessment revenues. There is no existing stormwater utility so all costs are recovered through the tax levy.

Effective stormwater management is an enormously expensive undertaking involving both operational and capital programming. Tax funding of stormwater management is unrelated to the cost of service and disproportionately attributes program costs based on property valuation rather than contribution to runoff. Stormwater utilities are a best management practice adopted nationally to allocate the program and capital costs equitably.

Recommendation K22: Define and implement best management practices for stormwater management in Environmental Quality. Adoption of best management practices should be the cornerstone of any stormwater management program. Adopting these practices will require changes to policies, procedures and ordinances. Assign the full cost of stormwater management activities to the appropriate budget.

Recommendation K23: Implement a stormwater utility that includes funding for stormwater management activities and support functions. Stormwater utilities have been in existence as a finance mechanism for decades and have become a best management practice for generating adequate revenues and for allocating expenses on a cost of service basis to customers. As a result of the consent decree, Lexington will be incurring substantial capital requirements. Stormwater utilities are a key component in funding these activities.

Sanitary and Storm Sewer Cleaning

Storm and sanitary sewers are generally parallel facilities located within the street right-of-way. While sanitary sewer functions are located in the Water and Air Quality Division, storm sewer maintenance is located in the Streets, Roads and Forestry Division of the Department of Public Works.

The Water and Air Quality Division owns sewer cleaning and televising equipment used in the cleaning and inspection of the sanitary sewer system. This equipment is periodically loaned to the Public Works Department for their use on the storm sewer system.

Responsibilities and equipment requirements are similar for the two divisions. Both storm and sanitary sewers require periodic cleaning, televising and maintenance. With split and uncoordinated responsibilities, required maintenance equipment must be duplicated and multiple crews are needed to complete work on a given street. Ideally, work would be scheduled to allow a single crew to perform all necessary cleaning or maintenance on a given route. Inspection of sanitary sewers prior to street paving has long been a practice followed by the division. In the past, this has not occurred for stormwater systems.

Recommendation K24: Place responsibility for sanitary and storm sewer cleaning with the new Division of Water Quality.

Recommendation K25: Perform preconstruction cleaning and inspection of storm sewers prior to paving.

Recommendation K26: Transfer responsibility for storm sewer inlet adjustment to Streets, Roads and Forestry and charge work to the appropriate activity.

Snow and Ice Control

The Department of Public Works Division of Streets, Roads and Forestry is responsible for snow and ice control. As is the case in many communities, Public Works staff is supplemented in their snow and ice control efforts by staff from other operating departments including Water and Air Quality. This is considerably more cost-effective than maintaining adequate staff within the Public Works Department. In Lexington, Water and Air Quality assumes responsibility for a significant portion of snow and ice control activities, for which they receive General Fund transfers of approximately \$10,000 annually.

The actual cost of snow and ice control for the City is not readily identified; however, it is estimated that Water and Air Quality personnel take responsibility for as much as one-third to one-half of snow and ice control. If this estimate is accurate, compensation should be considerably higher.

Recommendation K27: Charge actual snow and ice control expenses to the appropriate budget account.

The total estimated impact of position recommendations resulting from implementing staffing recommendations related to the Division of Water and Air Quality is summarized in Table K3 below.

TABLE K3: DIVISION OF WATER AND AIR QUALITY POSITION IMPACT

Division of Water and Air Quality				
Position	Action	FY 2008 Salary	Benefit Rate	Total
Municipal Engineer Sr.	Eliminated	\$79,793	23.80%	\$98,783.73
Construction Manager	Eliminated	\$90,951	23.80%	\$112,597.34
Stormwater Section Manager	Eliminated	\$85,148	23.80%	\$105,413.22
Engineering and Construction Manager	Created	\$81,000	23.80%	\$100,278.00
Deputy Director Operations	Created	\$87,000	23.80%	\$107,706.00
Deputy Director Technical Services	Created	\$87,000	23.80%	\$107,706.00
Total Savings				(\$1,104.30)

Division of Waste Management

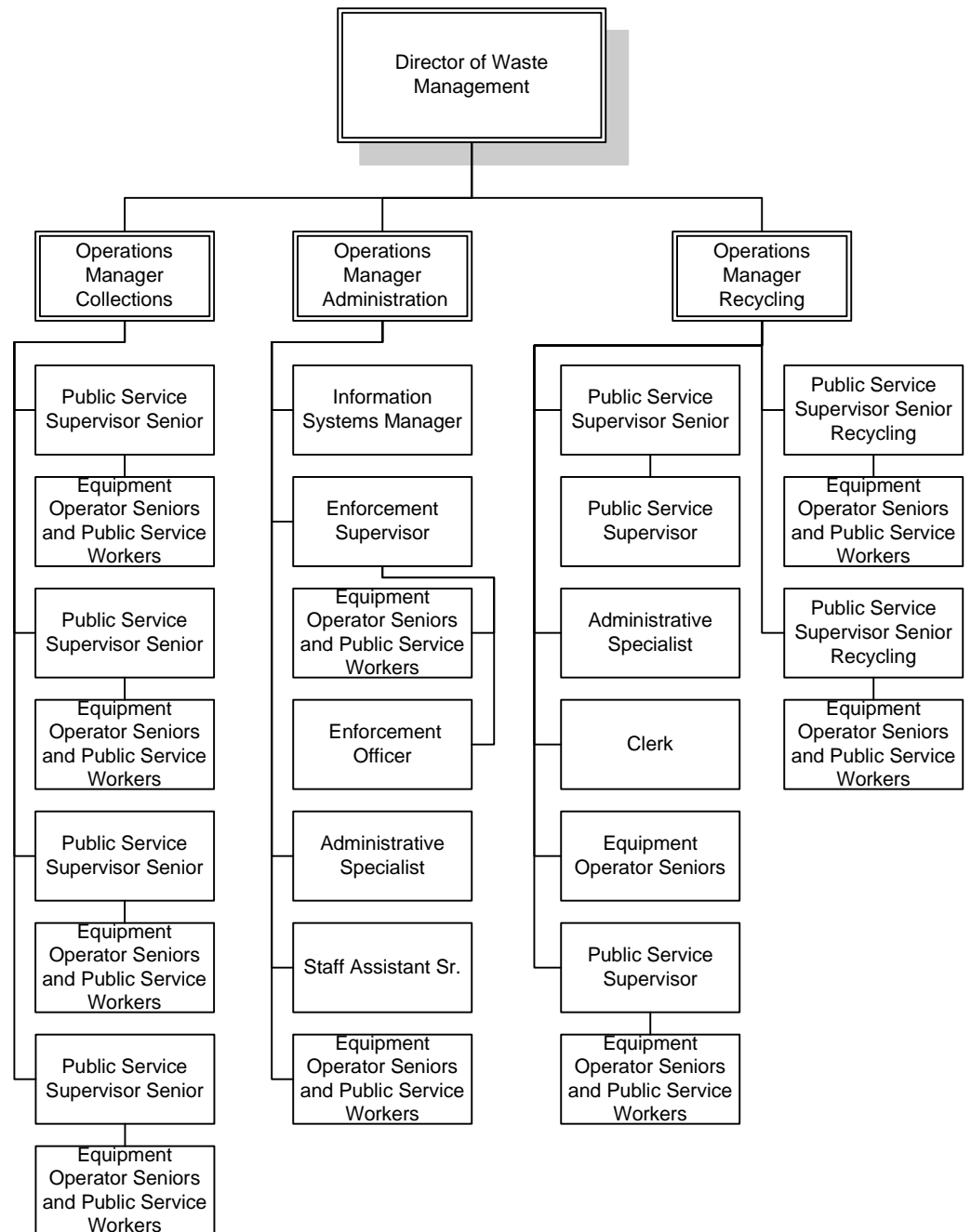
This division was formerly known as Solid Waste. The division provides curbside garbage collection to some 80,000 households and businesses in Fayette County. Refuse is collected once a week. Yard waste, recycling waste and bulky items are collected on the same day as refuse. The Landfill Fund accounts for the revenues and expenses associated with the capping and closure of the landfill in Fayette County and the on-going costs of refuse disposal. It is predominantly funded through solid-waste disposal fees. This is an Enterprise Fund.

The expenditures associated with the collection of the solid-waste, recycling, yard waste, and ancillary services provided for the division are funded through the Urban Services District Fund, a governmental fund. The division also provides residential properties with a temporary dumpster program called "Loan a Box" similar to the service provided by private haulers where residents make use of a 10 yard dumpster. Solid Waste also has the responsibility of disposing of all dead non-farm animals (defined by the government as those "smaller than a sheep") from the public right of way.

The Division of Waste Management has an authorized staffing level of 243 FTEs and currently employs 211 FTEs. The division has a budget of \$22,531,420.

The division's organizational structure can be seen in Figure K7.

FIGURE K7: DIVISION OF WASTE MANAGEMENT ORGANIZATIONAL STRUCTURE AND STAFFING



2006 Solid Waste Study

Solid Waste (now Division of Waste Management) management staff commissioned a comprehensive study of operations and received a report and recommendations in November 2006. The recommendations from this report have not been implemented. Waste Management staff is aware that the report was developed, but has yet to develop an action plan to evaluate and implement the recommendations contained therein. The operations study included a large number of recommendations with estimated cost savings of as much as \$1,400,000 annually. These recommendations in many cases represented best management practices that, if implemented effectively, would improve the efficiency of solid waste operations significantly.

The following recommendations were made in the commissioned report and apply broadly to waste, recycling, and yard waste collection. Based on field research, best practice review, and interviews conducted with Waste Management staff, Management Partners concurs with the conclusions made and recommendations presented, as follows:

1. Assign regular route numbers to the out-of-cart second collection routes and eliminate helper routes by developing regular scheduled routes
2. Redistribute the daily workload to equalize routes basing the route size on the number of units, tonnage, and time needed to collect
3. Review route volume annually to account for growth or migration
4. Redistrict the City's routes to equalize the resources necessary for collection between them
5. Institute a mandatory recycling program
6. Create service delivery partnerships with county neighborhoods that currently create gaps in routing
7. Revise the out-of-cart second collection policy
8. Expand the fully-automated collection service and eliminate the semi-automated collection service all areas possible

Recommendation K28: Develop a management action plan to implement the recommendations contained within the solid waste management study.

The report also presented a number of options the City could choose from to best achieve cost savings and increased productivity. These options are outlined below with Management Partners' recommendations following each option:

Option One - Optimize residential collection through full automation

- Eliminate bulky go behind routes and eliminate small out of cart bulky waste collection
- Reduce bulky waste to quarterly collections
- Convert some areas that are currently served by semi-automation to fully automated service

- Redefine service quadrants to make resources expended in each equal
- Establish a nine hour workday as a baseline task time
- Implement mandatory residential recycling
- Balance routes

Recommendation K29: Adopt recommendations in option one of the solid waste management study proposing optimization of automated residential collection with the exception of quarterly bulky waste collection.

Recommendation K30: Alternate bulky waste collection and yard waste collection so that services are provided in alternate weeks.

Option Two - Optimize residential collection through semi-automation

- Eliminate full automation and standardize collection based on semi-automated service
- Redefine service quadrants to make resources expended in each equal
- Establish a nine hour workday as a baseline task time
- Implement mandatory residential recycling
- Balance routes

Recommendation K31: Reject option two of the solid waste management study proposing that collection be made semi-automated.

Option Three - Optimize commercial frontload collection

- Set productivity targets to be competitive with private haulers
- Establish a nine hour workday as a baseline task time
- Balance routes

Recommendation K32: Adopt option three recommendations of the solid waste management study proposing to optimize commercial frontload collections.

Option Four - Optimize commercial rear-load collection

- Set productivity targets to be competitive with private haulers
- Establish a nine hour workday as a baseline task time
- Balance routes

Recommendation K33: Adopt option four recommendations of the solid waste management study proposing to optimize commercial rear load collections.

Option Five – The Division of Solid Waste offer full service commercial service

- Allow additional dumpster sizes, including dumpster rental
- Allow compactor dumpsters
- Offer up to six day per week collection
- Resize frontload system to meet new service requirements
- Enter into roll-off operations
- Offer compactor roll-offs, including rental
- Establish appropriate service fees

Recommendation K34: Consider option five to provide full service commercial service after evaluating the division's success in meeting productivity targets established in options four and five of the solid waste management study.

Option Six – Convert to residential user fees

- Initially convert to flat rates for all single family residential customers
- Could be billed as non-ad valorem assessment on tax bill
- Multi-family revenue options could remain a tax and be treated as a commercial property if commercial collection services are expended as described in option five
- Develop separate flat rates for multi-family customer rates

Recommendation K35: Develop an implementation plan to move toward a fee based collection system that encourages recycling and equitably assigns costs.

Option Seven – Privatize all solid waste collections in the City

- Residential and commercial
- Common good services, i.e., - litter collection, pitch-in collection, dead animal?
- Allow managed competition

Recommendation K36: Perform a financial and service evaluation of privatization and/or managed competition prior to the 2011-2012 budget.

An implementation schedule for the management action plan at the time the solid waste management study was submitted has been modified by Management Partners to reflect updated goal dates, as follows.

Division of Waste Management Implementation Schedule:

Near Term – 2008 calendar year

- Optimize commercial front-load collections
- Optimize commercial rear-load collections
- Optimize fully automated residential collection
- Reroute service areas based on GIS and workload data

Midrange – 2008-09

- Develop a residential rate study and five year path to implementation
- Begin conversion to residential user fees
- Consider variable rates for different size Herbies
- Initiate outreach to commercial haulers to assess the impact of expanding commercial collection

Long Range – 2009-10

- Evaluate expansion to full service commercial collection:
 - Formalize commercial rate study based on six-day tank service of two, three, four, six, eight, and 10 cubic yard tanks
 - Depending on feedback from private haulers and economic analysis:
 - Make a capital investment and enter into the roll-off business
 - Contract with a private service provider for roll-off and/or overflow tank service to round out service offerings to Lexington businesses

Solid Waste Collection

Waste Management uses automated, semi-automated and rear load collection vehicles with approximately three times as many semi-automated vehicles as automated. There are approximately 15 automated routes and 42 semi-automated routes. The automated routes average approximately 1,000 stops per day whereas semi-automated collection averages 693 stops per day.

One of the major recommendations of the 2006 solid waste study is to aggressively expand automated collection. Automated collection is more cost effective, but requires access to the curb line for efficient collection. Intensive resident use of on-street parking can eliminate the benefits of automated collection. Lexington has many older neighborhoods with limited off-street parking. In addition, noise ordinance provisions are given as reason not to start collection before 6:00 a.m. when there would be less conflict with traffic and better access to areas that attract a lot of daytime parking.

Estimated savings from maximizing the use of automation are in excess of \$1 million per year.

Recommendation K37: Begin refuse collection earlier in the day in congested traffic areas. This may require a noise ordinance waiver.

Recommendation K38: Establish and enforce parking bans on collection days to allow curb access for automated vehicles.

Recommendation K39: Expand implementation of fully automated refuse collection.

The City's solid waste and recycling service is limited to those residents within the urban services districts. Outside the districts, residents are required to contract privately for refuse collection and recycling. Multiple service providers collect solid waste and recycling outside the districts; these services compete for customers and operate in the same areas, with multiple refuse vehicles from different vendors passing through neighborhoods. Service standards and parameters are negotiated between the property owner and the private collector. The process is inefficient and results in different standards of service for Lexington residents based on geographic location.

Private contracting results in unnecessarily inefficient service since multiple haulers provide collection to the same neighborhood. The process results in fewer stops per day, wasted fuel, and inflated costs to consumers.

Recommendation K40: Divide the non-urban services district areas into a small number of zones and award bids to a single contractor per zone for solid waste and recycling collection services.

Recommendation K41: Use the private collection zones as a baseline comparison for services provided by the Division of Waste Management and potentially for managed competition in the future.

While it is a policy of the Division of Waste Management, as well as an accepted industry best practice, the routine pre- and post- trip inspections of vehicles by their operators are not being completed on a regular basis. These inspections keep equipment safe for employees to use, thus reducing liability and the likelihood of an on-the-job accident, as well as keeping an up to date assessment of the condition of these assets.

Recommendation K42: Enforce the Division of Waste Management's policy of conducting pre- and post- trip inspections of vehicles used.

Along these lines, there is currently not a prescribed way for employees to check in and out during their shift. If a crew experiences a collection issue, damaged carts, wayward appliances or tires, it is difficult to share this information in a meaningful way that will result in a corrective action. In discussions with management, it was clear that an after-action report that would allow for debriefing and early identification of potential problem areas with service delivery and equipment would be of benefit to the division.

Recommendation K43: Institute the use of a checkout list/after action report that will be used to track potential threats to effective service delivery.

Recycling and Yard Waste

There are no stated recycling goals for Kentucky and the only major requirement for recycling is that the opportunity be made available to residents by the County, or in this case, Lexington. Last year, the City did not achieve the state's original recycling goal of 25% of the waste stream.

Participation in the recycling program is voluntary throughout Lexington. Approximately 58,000 of the 85,000 (67.4%) households in the urban services districts participate in the voluntary recycling program. Because recycling outside of the districts is provided by private haulers, there are no records for recycling participation rates outside the urban services districts. Recycling service is not even provided by all of the private haulers.

There are several reasons why increasing recycling participation benefits the City. Recycling removes materials from the waste stream with a corresponding increase in landfill life span. Expanding recycling participation will reduce the unit cost for all participants by improving collection efficiency. Recyclables pulled from the waste stream lessen the amount of refuse to be collected, thereby also improving the efficiency of solid waste collection.

Recommendation K44: Make participation in the recycling and yard waste collection programs mandatory, including areas outside the urban services districts.

Commercial collection of cardboard and recycling is a source of growing frustration for the division. Businesses are given the traditional "Herbie" and "Rosie" container for cardboard and recycling purposes. However, because there is not enough alley space to accommodate the containers, they are placed on the side of the street. Containers in the right of way are so profligate, that the Director of Waste Management is concerned about traffic flow, pedestrian, employee, and motorist safety, and the high potential for litter. Management Partners shares these concerns.

Recommendation K45: Evaluate the use of cardboard compaction and bailing for the City's commercial customers. These methods will reduce the number of containers that are placed in the right of way, and thus mitigate the amount of litter in the downtown business district, as well as significantly reduce the likelihood of accidents. Implementation should be dependent on customer acceptance and establishing central locations for equipment.

Additional Services

In addition to the traditional solid waste, recycling, and yard waste collection that Waste Management provides to businesses and residents, the division also offers other services to customers throughout the City.

Waste Management routinely picks up bulky items placed on the curb on residents' scheduled trash pick-up day. Depending on the type of sanitation truck that is being used to collect trash on that given day, the item may be picked up at the same time the solid waste is collected – as is the case with semi-automated collection – or later that day by an overflow truck if the route is serviced by an automated truck. In either scenario, Waste Management does not require advance notice nor does the service have a corresponding fee.

The division will also collect appliances and discarded tires. This service requires that customers notify the Waste Management office ahead of time. After calling, the items will be collected on the next scheduled solid waste pick-up day for that customer. There is no additional fee to use this service. Appliance pick-up has an established crew of approximately three FTEs that use a lift-gate truck. Tire pick-up is conducted by available staff and with whatever pick-up truck is available at that given time. These employees also deliver interdepartmental mail and handle dead animal calls for service.

It is a best practice in waste management to provide these services on a fee basis, particularly for those appliances requiring Freon removal and processing. Many communities do this by implementing a "tag" system where customers will purchase tags from either the City or a third party vendor and then affix these tags to large items that need to be disposed of.

Recommendation K46: Implement a financial plan that will move the Division of Waste Management towards a fee-based system for special collections. While this plan does not necessarily need to be a tag system, it is one of the most easily modeled systems that Lexington can implement.

The Division of Waste Management also offers a service where residents and non-profit organizations can rent a 10 cubic yard dumpster from the

City. Called the “Loan-a-Box” program, the dumpster is dropped off during the scheduled business day and picked up sometime during the next business day. If the dumpster is dropped off on a Friday it is picked up on Monday. The \$38 dollar fee for this service covers only the disposal fees associated with the operation.

Recommendation K47: Adjust the fee charged for the “Loan-a-Box” program to reflect a portion of the direct and indirect costs associated with providing this service.

The division also plays an active role in the maintenance of the downtown business district in the form of litter collection trash removal. There is a dedicated crew of approximately three FTEs whose responsibility is to clean up alley-ways, as well as traditional problem areas throughout downtown. This crew will also respond to customer requests for service throughout the urban service district. Another component of the litter collection service provided by Waste Management is vacuuming sidewalks within the downtown business district. This is comprised of a dedicated crew of two FTEs that attend to these sidewalks at least once a week, and sometimes more often when scheduling permits.

Waste Management also removes the trash that is placed in the fixed location trash receptacles throughout the downtown business district. This is done twice per week with a dedicated crew of two FTEs.

Organization Structure

The current structure of the Waste Management division consists of a director with three operations managers. The operations managers are assigned to: administration, operations, and recycling. The collections and recycling operations managers each currently have a functional interest in the collection of curbside waste. It is a best practice in high performing organizations to clearly separate the functional responsibilities of operations managers. In Lexington, that would mean shifting two of the public service supervisor senior positions to collections, and making the management of the recycling facility the primary responsibility of the operations manager for recycling.

An additional part of this process would be the creation of a second operations manager for collections. With the shift of two public service supervisor seniors to collections, there will be a total of six for that function. Based on field research and interviews with management, these public service supervisor seniors, and their respective crews of equipment operators and public service workers, should be arranged in the following manner: two for residential collection and one for commercial collections reporting to one of the operation managers. The remaining equipment operator senior positions would be divided with two assigned to recycling and one to yard waste.

Recommendation K48: Add an additional operations manager for collections and reassign two public service supervisor seniors from recycling to collections. With this realignment, the functional divisions should follow the suggested structure found in the preceding paragraph.

Determining collection routes is a source of frustration for the Director of Waste Management. Currently, routes are not balanced, creating a situation where on one given day the work load is extremely heavy, while on another employees are finished early. This is very inefficient, and not a best practice. The director would like to move towards a more sophisticated measure of service provided than the simple tons per route measure that is currently being implemented. To do this on an on-going basis requires a new position.

Recommendation K49: Create a route manager position that will be responsible for data collection and reporting associated with the provision of divisional services and the annual review and amendment to collection routes. This position will be a direct report to the director.

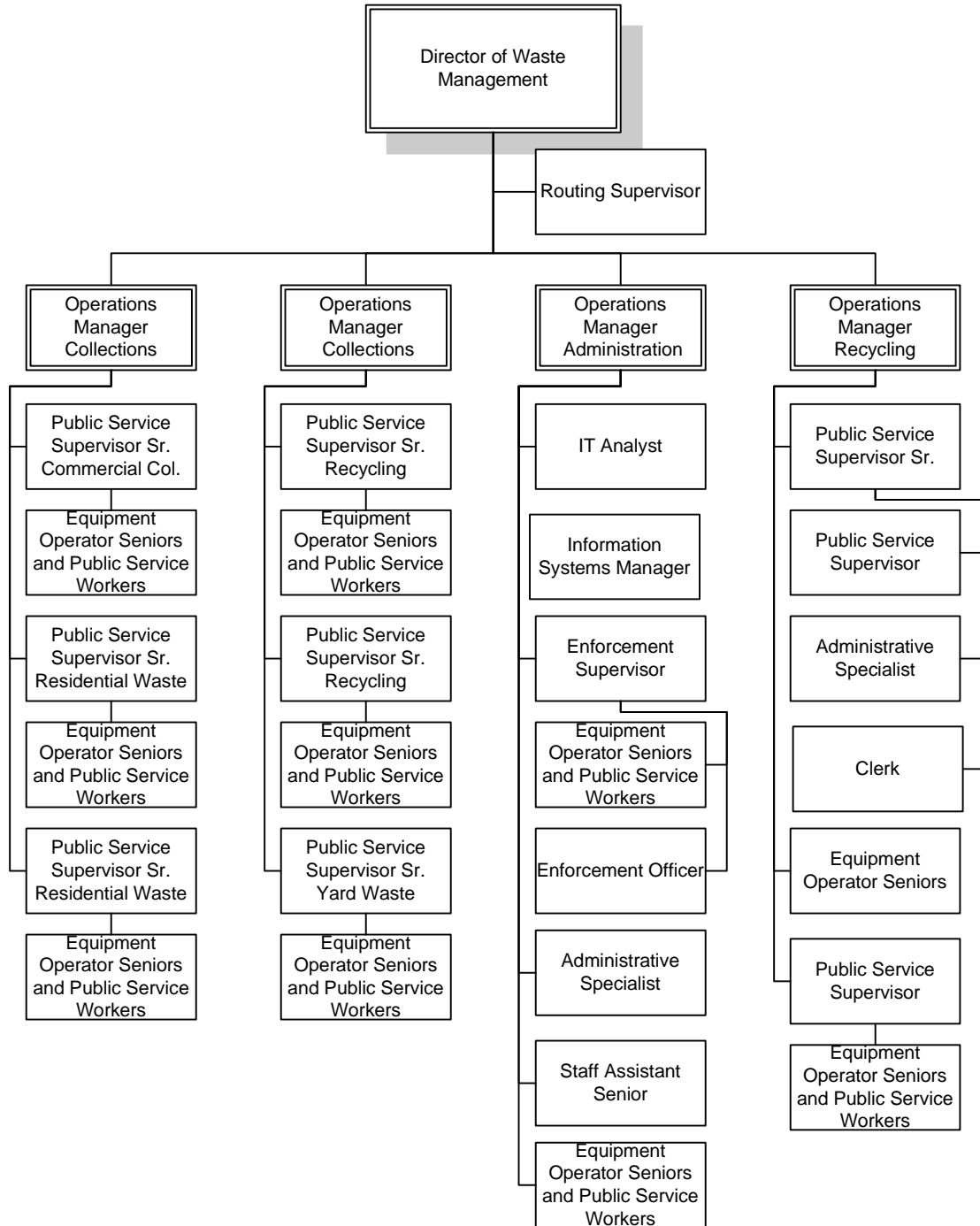
Recommendation K50: The Division of Waste Management should continue to coordinate with Computer Services to share an employee. The data collections and analysis that is a part of the route structuring process is a technically sophisticated process. This employee should report directly to the operations manager for administration to ensure close proximity and easy access to the data that is required.

The effects of the preceding recommendations can be seen in Table K4 and Figure K8, both found below.

TABLE K4: STAFFING CHANGES TO THE DIVISION OF WASTE MANAGEMENT

Division of Waste Management	
Position	Action
Routing Supervisor	Created
.5 FTE IT Analyst	*Transferred In
Total Savings	
* Because this position were transferred into the division, government-wide costs are not experienced	

FIGURE K8: PROPOSED ORGANIZATION STRUCTURE FOR WASTE MANAGEMENT



Fees and Charges

The City uses an ad valorem tax to pay for refuse collection. The ad valorem tax for refuse collection is unrelated to benefit or cost of service.

At 15.9 cents per \$100 valuation, the refuse collection fee impacts properties within the Urban Services District without any correlation to service rendered. Typical residential property owners are subsidized, while high-end residential properties may pay as much as \$6,000 per year for service estimated to cost \$220. Many non-residential properties pay the assessment and yet are still required to seek private collection services.

Recommendation K51: Create a solid waste special revenue fund with customer charges based more closely on cost of services. Consider a phased approach beginning with a conversion from an ad valorem levy to an annual special assessment approximating the cost of service delivery based on customer class. Develop a long-term strategy for converting to a user-fee based utility system.

Work Release Labor at Recycling Facility

Processing collected recyclable materials is labor intensive. Many material recovery facilities control costs by using work release labor for hand sorting operations. The recycling facility currently makes significant use of temporary labor from the local correctional institution.

City policies prohibit payment of any type to inmate labor. Unfortunately, the material recovery facility experiences frequent personnel no-shows that need to be covered by department staff at a much higher cost.

Without some form of compensation there is little that management can do to encourage performance or maintain interest in the work.

Recommendation K52: Provide nominal compensation to temporary work release labor at the recycling facility.

Conclusion

Environmental Quality operations can be improved by adding capacity in the Commissioner's Office, refining the role of the Division of Environmental Policy, coordinating sanitary and storm sewer maintenance work, streamlining the management structure in the Water Quality Division, increasing the efficiency of solid waste operations through automated collection and managed competition, and by increasing the use of best management practices for storm water management.

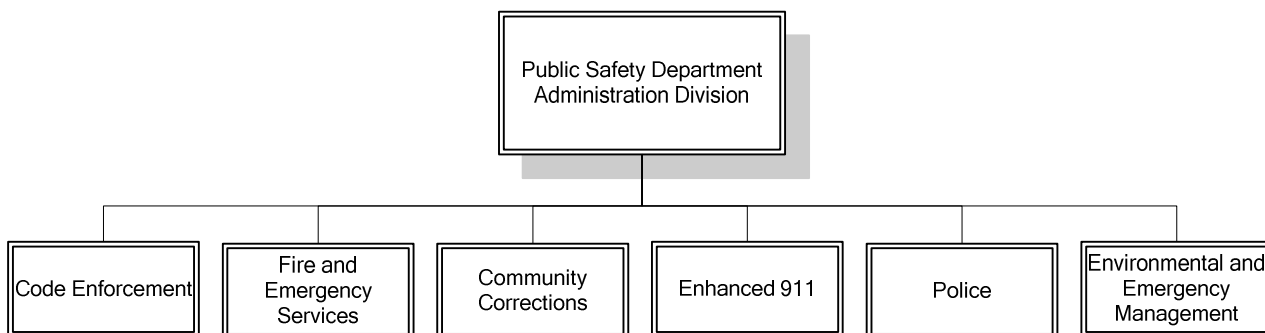
L. DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety provides protection to the public from criminal activity, emergencies, and natural disasters. The department is managed by the Commissioner of Public Safety who is appointed by the Mayor. The department has 1,726 FTEs working in seven divisions:

- Administration
- Code Enforcement
- Community Corrections
- Enhanced 911
- Environmental and Emergency Management
- Fire and Emergency Services
- Police

Figure L1 below shows the department's current organizational structure.

FIGURE L1: DEPARTMENT OF PUBLIC SAFETY ORGANIZATIONAL STRUCTURE



The department has a total FY08 budget of \$151 million, 85% of which is salary and benefits.

Public Safety Department Administration

The Administration Division manages the Department of Public Safety. The division consists of three FTEs and has a budget of \$3.9 million, with 8% of that spent on salaries and benefits.

Division of Code Enforcement

The Division of Code Enforcement enforces housing and nuisance abatement issues as a response to specific complaints. The division's primary responsibilities include:

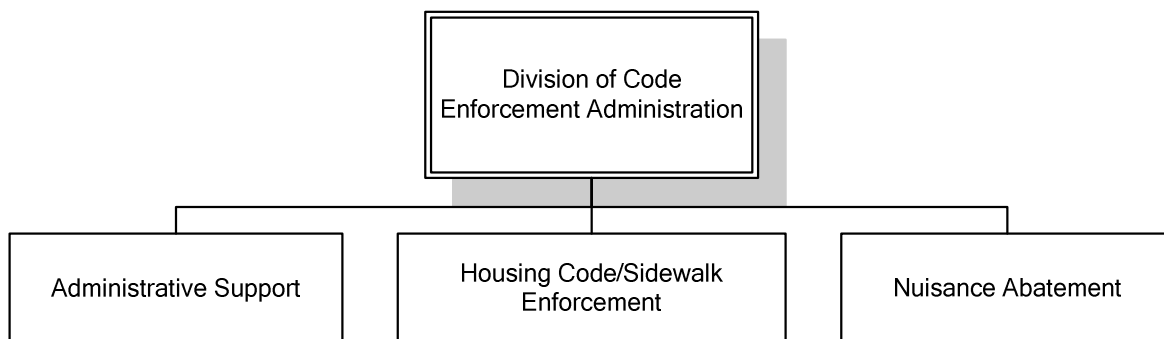
- Enforcing of the Building Officials and Code Administrators International Property Maintenance Code
- Investigating of complaints regarding building code violations
- Conducting comprehensive code inspections and enforcement activity within designated areas

The division is comprised of three functional units: Housing Code/Sidewalks Enforcement, Nuisance Abatement, and Administrative Support. The Housing Code section is staffed with 12 inspectors, including two supervisors, who manage the complaint-driven housing code inspection processes and the sidewalk inspection process. They also manage the demolition process.

The Nuisance Abatement section is staffed by six inspectors, including one supervisor and handles nuisance inspections (trash, weeds, junk cars, etc.). The Administrative Support unit includes four clerical positions who manage inspection report data entry.

Figure L2 below shows the Division of Code Enforcement's organizational structure:

FIGURE L2: DIVISION OF CODE ENFORCEMENT ORGANIZATIONAL STRUCTURE



The division consists of 23 FTEs and has a budget of \$1.8 million, with 80% of that spent on salaries and benefits.

The following findings and recommendations apply to the Division of Code Enforcement.

Rental Inspection Program

As in many urban areas, a large number of dwelling units exist in the form of rentals. A best practice nation-wide is to have an annual rental inspection program in which all rental properties are required to be inspected on an annual basis for a fee charged to cover the cost of the inspection. Dozens of communities across the United States have implemented self-funding rental inspection programs including, but not limited to, Nashville, Tennessee; Pittsburg, California; Williamsburg, Virginia and; Boston, Massachusetts.

An annual rental inspection program is very valuable in protecting lives and to proactively identify rental properties that do not meet building and fire code requirements. This program will enable inspectors to proactively identify blighted and deteriorated housing stock and ensure the rehabilitation or elimination of housing that does not meet minimum building code standards, housing code standards, and/or exterior or site maintenance standards.

Recommendation L1: Complete an inventory of rental properties within Lexington-Fayette County.

Recommendation L2: Develop an annual rental inspection program for administration by the Division of Code Enforcement.

Recommendation L3: Develop an inspection fee rate structure that will make the annual inspection program self-supporting.

Inspection at Point of Sale Program

Another best practice in code enforcement that is utilized in communities nation-wide, including Brooklyn Park, Minnesota; Hastings, Nebraska and; Contra Costa County, California, is to require inspections of owner-occupied housing at the time they are put up for sale. Owners are then required to abate code violations prior to sale and/or the purchaser must sign an agreement that s/he agrees to accept the property and will abate the violations within a period of time, after which another inspection occurs. This type of program enables cities to proactively ensure that a residential property is maintained in a safe, clean, and healthy condition, according to all codes.

Currently, Lexington does not require a housing inspection at the point of sale for owner occupied units. A self-supporting inspection at point of sale

program could significantly reduce code violations and improve the quality of housing stock.

Recommendation L4: Develop a program that provides inspections at the point of sale for owner-occupied residential units for administration by the Division of Code Enforcement.

Recommendation L5: Develop an inspection fee structure that will make the point of sale inspection program self-supporting.

Code Enforcement Budgeting

According to staff, the division's budget for abating code issues is always exhausted before the end of the year and the division must go back to the Mayor and Council to receive an additional appropriation. The process of obtaining the additional appropriation takes at least four, and usually six, weeks. Staff reports that to their memory, the Council has always appropriated the necessary additional abatement funds. Given these circumstances, an unnecessary lag in abatement enforcement could be avoided by appropriating the true abatement requirement as an element of the original budget process.

Recommendation L6: Develop a realistic abatement budget and include it in the original appropriation.

This would reduce time lags that occur when staff has to go back in the middle of the year for additional funding.

Reinspections

For a variety of reasons, contractors working on properties to correct code violations do not make the appropriate improvements the first time. This means that inspectors must continue to re-inspect properties until they comply with ordered improvements. The industry has learned that re-inspections are expensive and create unnecessary workload in code enforcement. For example, if re-inspections constitute 40% of the inspection workload and re-inspections could be eliminated, overall workload and inspection cost could be reduced by 40%. Agencies that have instituted a graduated inspection fee structure, where the fee for a re-inspection increases significantly each time, have been able to decrease the re-inspection workload. A graduated re-inspection fee structure creates a powerful incentive to contractors to "get it right the first time." The resulting reduction in inspection workload reduces the overall cost of the inspection program with the savings being passed along to all users. The primary beneficiaries of the graduated fee structure are responsible contractors who generally get it right the first time.

Recommendation L7: Institute a graduated fee structure for housing and nuisance complaint compliance re-inspections.

Property Lien Process

The use of property liens as a means to ensure code compliance is an important code enforcement tool. The application of property liens requires extensive coordination between code enforcement officers and legal experts in the Department of Law. The responsibility of the Department of Law is to work with the Division of Code Enforcement to define a code enforcement and lien process that conforms to the rule of law, especially those pertaining to due process. It is the responsibility of the Division of Code Enforcement to meet all procedural requirements of the lien and code enforcement processes.

Currently, the due process requirements of the lien process are unclear and inconsistently applied. Code Enforcement staff showed a number of documented examples where they followed procedural steps deemed acceptable to District Court judges but where the request for lien initiation was then denied by the Law Department. The Division of Code Enforcement is unclear as to which specific notification and due process steps should be followed prior to issuing a lien and often receives inconsistent advice from the Department of Law that sometimes conflicts with the advice and direction of District Court judges.

Since the issuance of a property lien is a key tool in the arsenal for any code enforcement operation, it is important that the Department of Law work with the Division of Code Enforcement to clearly define the code enforcement and lien processes and, more importantly, to ensure that those processes are consistently applied.

Recommendation L8: Develop a procedure and policy that is based on expedited lien placement and aggressive enforcement to recover abatement costs and civil penalties. The Law Commissioner, Public Safety Commissioner and Code Enforcement Division Director should meet to define common sense policies and procedures.

Code Enforcement Software

The Code Enforcement Division currently uses a homegrown case tracking database created in Microsoft Access. This is not linked to other land use functions such as planning and building inspection so that violators are restricted from getting approvals. Maintenance of homegrown systems is dubious as well, because the person(s) who created the program can leave the City, resulting in a vacuum of knowledge.

Development review software should connect all property-related functions such as code, planning, public works and fire into one case management and tracking database. This way, all City activity relating to a specific address can be shown in one location to give a complete picture.

The Building Inspection Division is in the process of evaluating property-based development review software for purchase and implementation and Code Enforcement should be a part of this process.

Recommendation L9: Incorporate a code enforcement module into the property-based development review system in coordination with the Building Inspection Division. Virtually all property-based systems have a code enforcement module and the Division of Code Enforcement should be involved in the process to ensure that the module of the selected vendor will meet its needs.

Grant Compliance Inspections

As a component the recommended reorganization of the Department of Finance and Administration, the grant compliance inspection function is to be transferred from the Division of Community Development to the Division of Code Enforcement. The Division of Community Development staffs five full-time employees to perform grant compliance inspections, including three Code Enforcement Officers, one Code Enforcement Senior, and one Code Enforcement Supervisor. Figure L3 demonstrates the proposed reorganization of grant compliance inspectors and Table L1 summarizes the related position transfers.

FIGURE L3: DIVISION OF CODE ENFORCEMENT RECOMMENDED ORGANIZATIONAL STRUCTURE

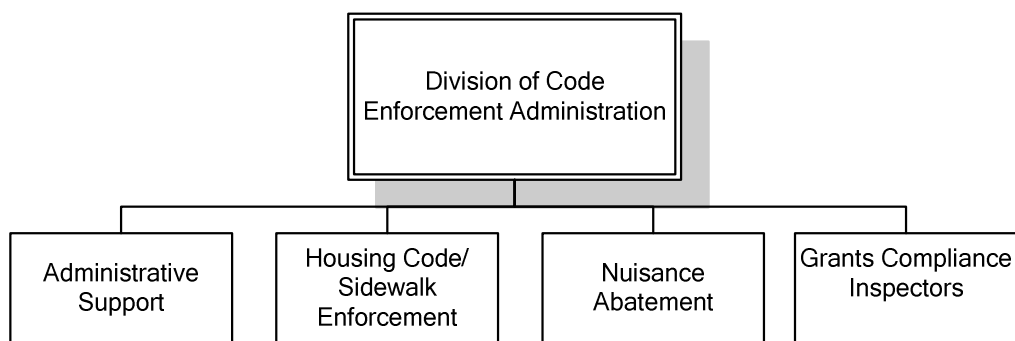


TABLE L1: DIVISION OF CODE ENFORCEMENT RECOMMENDED PERSONNEL CHANGES

Position	Transferred From
Code Enforcement Officer	Community Development
Code Enforcement Officer	Community Development
Code Enforcement Officer	Community Development
Code Enforcement Officer Sr.	Community Development
Code Enforcement Supervisor	Community Development

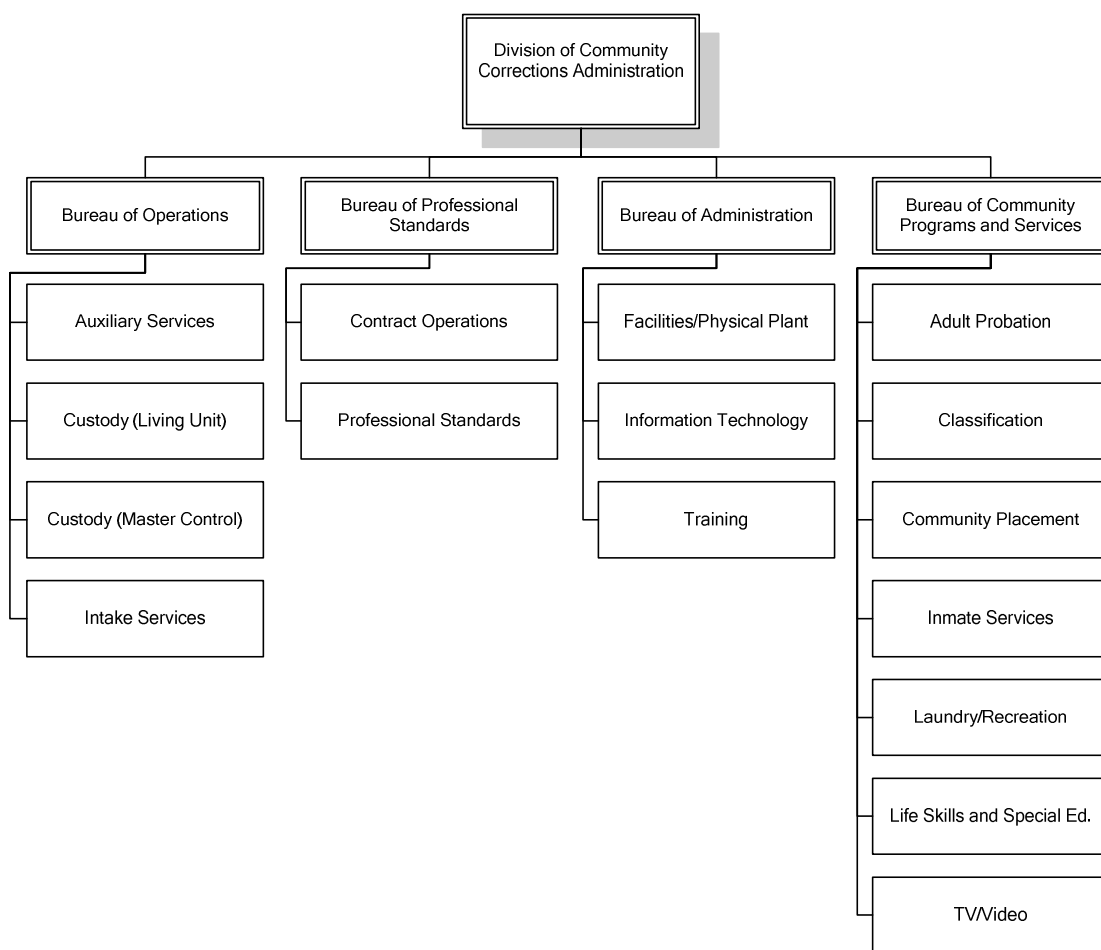
Division of Community Corrections

The Division of Community Corrections manages the jail facility and associated inmate needs and community service programs. The division's primary responsibilities include:

- Providing for post-adjudication incarceration for adult offenders serving sentences of less than one year
- Providing secure detention of pre-adjudication adult arrestees awaiting trial/hearing
- Administering and managing community service programs
- Providing appropriate adjustment programming for inmates
- Providing appropriate medical and mental health services to inmates

Figure L4 below shows the division's organizational structure.

FIGURE L4: DIVISION OF COMMUNITY CORRECTIONS ORGANIZATIONAL STRUCTURE



The division consists of 396 FTEs and has a budget of \$30.6 million, with 75% of that spent on salaries and benefits.

The jail facility's capacity is rated as 1,200, while the average daily population is approaching 1,300. The average stay per inmate is 15 days. Nearly 26,000 inmates are processed annually, including pre-adjudication. The facility holds an average of 100 inmates per day for the Federal Bureau of Prisons and 75 per day for the Kentucky Department of Corrections, a service for which Lexington collects nearly \$3.7 million per year.

Food service is provided by a vendor along with inmate labor, with an average cost of \$1.05 per prisoner per meal. Inmate medical service is contracted to a vendor at a cost of \$2.6 million a year and includes nursing service around the clock and 40 hours of physician/nurse practitioner service per week. Mental health service is contracted to a vendor for \$800,000 a year and provides 40 hours a week of service (primarily social workers and psychotropic drugs).

The following findings and recommendations apply to the Division of Community Corrections.

Department Ranks

There are eight captain and six major positions in the division given the current organization structure. Reporting relationships are shown in Table L2 below:

TABLE L2: CORRECTIONS REPORTING RELATIONSHIPS

Work Unit	Number of Majors	Number of Captains
Custody	3	3
Bureau of Community Programs and Services	1	1
Intake/Auxiliary Services	1	2
Bureau of Professional Standards	1	1
Bureau of Administration	0	1

As can be seen, most majors have a one-to-one reporting relationship with a captain. One-to-one reporting relationships are not considered to be efficient in terms of personnel resources. If captain positions were eliminated, the span of control for majors/assistant directors would still be well within acceptable standards, as shown in Table L3 below.

TABLE L3: PROPOSED CORRECTIONS REPORTING RELATIONSHIPS

Work Unit	Number of Majors	Number of Direct Reports
Custody	3	6
Bureau of Community Programs and Services	1	5
Intake/Auxiliary Services	1	7
Bureau of Professional Standards	1	1
Bureau of Administrative Support	0	3

Recommendation L10: Eliminate the rank of captain.
Implementing this recommendation would streamline the organization and result in annual savings of over \$600,000.

Bed Availability for the Work Release Program

Work release inmates are permitted by the Court to leave the detention center during certain periods of the day to work at their normal place of employment. For security reasons, work release participants are isolated from the general prison population. Senior division managers report that the work release program does not have enough bed capacity and that there are inmates in the general population who would be candidates for the work release program.

Data on work release program costs per day is not broken out from overall facility costs. However, it is clear that work release participants do not cost as much to supervise or maintain since they are not confined to the facility for at least eight hours a day. Further, participants are required to pay a fee to offset a portion of the cost of supervision. There are additional persons housed in the general prison population who would be candidates for work release if sufficient work release beds existed.

Recommendation L11: Analyze the feasibility of providing additional work release beds.

Alternatives to Incarceration

The jail facility is currently over capacity; it is rated for 1,200 inmate capacity but averages approximately 1,300 inmates per day.

It costs approximately \$65 per inmate per day to house inmates in the general population. When it was built, shell space was also built to allow for expansion. It would be necessary to invest additional capital improvement funds to complete the expansion space. After completion, the expanded facility would cost approximately \$2.4 million per hundred prisoners per year to operate.

The judiciary and prosecutors are not favorably disposed to alternatives to incarceration such as electronic monitoring or day reporting. Electronic monitoring and day reporting would not incur additional cost to the City

since participants in those programs are required to pay a fee to offset the cost of those programs.

Recommendation L12: Meet with the judiciary and prosecutors to develop a policy and plan for more aggressive use of incarceration alternatives. The City would see potential cost avoidance of \$2.4 million per 100 participants in alternative programs.

Adult Misdemeanant Probation

By charter and Kentucky statute, Lexington provides adult misdemeanor probation service for the district court and is one of two counties in the Commonwealth to do so. It appears that only three Kentucky counties, Fayette, Jefferson, and Boone provide adult misdemeanor probation. Fayette and Boone fund their programs and manage the service locally. Jefferson County funds the program but contracts with the state to manage the service. Jefferson County is the only location where the state is providing (but not funding) adult misdemeanor probation. The State of Kentucky does not provide misdemeanor probation but does provide probation service for felons.

There are five district court judges and each one has a probation officer who works under the supervision of the Community Corrections division assigned to them. Probation officers each carry a caseload of about 90 active probationers. In addition, misdemeanants placed on inactive and unsupervised probation are under the jurisdiction of one of the five probation officers. Each probation officer has several hundred inactive and unsupervised probationers for which they are responsible.

Terms of probation differ among probationers, depending on the circumstances of their conviction. The level of supervision is one of the terms of probation that could differ. District Court Judges may sentence a convicted person to different types of probation including: active, inactive, unsupervised, electronic monitoring, work release, or, beginning January 1, 2008, day reporting. These are all alternatives to incarceration in the County Community Corrections facility.

If Lexington were to get out of the misdemeanor business there are several alternative scenarios that could occur. One scenario with the least desirable outcome would be judges sentencing more misdemeanants to incarceration. While the cost of funding probation officers might be saved, it costs about \$65 per person per day to incarcerate a person at the Community Corrections facility. If all 450–500 persons on active probation wound up being incarcerated instead of on probation, it would cost an additional \$30,000 to \$32,500 per day to house that population. A detailed cost-benefit analysis would have to be performed to determine the actual additional cost since facility expansion would have to be factored in.

Another scenario with the most favorable outcome would divert the people on active probation to electronic monitoring. In this scenario,

Lexington would save the entire cost of the five probation officers (approximately \$250,000) since those placed on electronic monitoring pay a fee that covers the cost of the monitoring.

The financial outcome of changing the charter and state law to eliminate the requirement of funding misdemeanor adult probation could run the gamut of saving \$685 a day to costing as much as \$32,500 additional per day.

Adult misdemeanor probation is an alternative to incarceration that is being used actively by the district judges in their sentencing decisions. The City must work closely with the district court judiciary to determine the likely impact on the corrections system (as well as the financial impact) of effectively eliminating probation as one of the sentencing alternatives.

Community Corrections management reports that it would be able to continue to provide electronic monitoring service and day reporting service if other forms of adult probation were eliminated.

Recommendation L13: Evaluate the alternatives to providing adult misdemeanor probation. The City should discuss these options with the district court judges to develop more aggressive use of alternatives to incarceration. This discussion can occur as part of the discussion for Recommendation L12 to explore alternatives to incarceration.

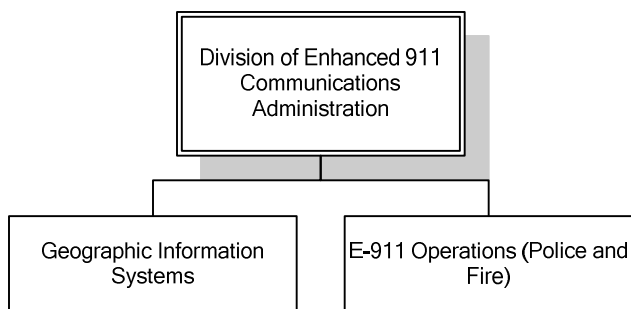
Division of Enhanced 911

The Division of Enhanced 911 (E-911) provides emergency dispatch response to 911 calls from the community. The division's primary responsibilities include:

- Answering and processing 911 calls from residents
- Dispatching 911 calls
- Maintaining radio communications with emergency service units in the field
- Providing medical dispatch service for emergency medical events

The division is comprised of three functional units: Administration, Geographic Information Systems, and E-911 Operations. Figure L5 below shows the division's organizational structure.

FIGURE L5: DIVISION OF ENHANCED 911 ORGANIZATIONAL STRUCTURE



The division consists of 84 FTEs and has a budget of \$4.5 million, with 85% of that spent on salaries and benefits.

The City is in process of selecting a consultant to help establish a regional Public Safety Operations Center (PSOC) that will physically consolidate police, fire and EMS call-taking and dispatching. Two adjoining counties have agreed to participate in the regional PSOC and will purchase E-911 service from the center when completed. Lexington's police and fire dispatchers are currently located in two different buildings, requiring duplicate supervision. When operations are consolidated in the regional PSOC, the number of supervisors can be reduced from 16 to eight.

The division recently had a staffing study completed by a call-center consultant. A review of that study by Management Partners project staff confirms that the study was executed according to industry staffing standards.

Police and fire field units do not have radio functionality for unit-to-unit communications. When a police unit needs to communicate to a fire unit, the transaction must be executed with a dispatcher acting as a go-between.

Call abandonment rate (the number of 911 callers hanging up before their call is picked up) is 6%. Although there are no national standards for acceptability to measure against, this appears to be a rate that should be reduced. The causes of the high abandonment rate are not known but could be due to prank calls, long wait times for call pick up, and more 911 calls coming from cell phones (it is not unusual for the 911 Center to receive many calls at once for traffic accidents from cell phone callers; because those calls often occur simultaneously, the 911 call takers are occupied taking such calls and callers then disconnect prior to having their call answered).

The following findings and recommendations apply to the Division of Enhanced 911.

Consolidate Emergency Management and E-911

The organization plan for emergency management is not yet optimized for dealing with homeland security threats or natural disasters. The City is planning to develop a regional Public Safety Operations Center and is in the process of selecting a consultant to develop the design for the facility. The PSOC is planned to be a regional facility, and two adjoining counties have agreed in principle to use the regional PSOC.

The development of a regional PSOC provides an opportunity to implement a state-of-the-art organization plan to support emergency operations. The Public Safety Department is already committed to the most important aspect of such an organization by planning to consolidate police, fire and Emergency Medical Services (EMS) communications in a consolidated E-911 center in the new PSOC. Currently, police and fire dispatch are physically separated and dispatch personnel have different job descriptions.

Emergency Management personnel are in a different organizational unit from E-911 personnel. State-of-the-art emergency management organizations have consolidated these functions into a single unit to ensure coordinated command and control of emergency management resources. Louisville, Kentucky, has recently implemented such a consolidated organization for emergency management with its "MetroSafe" plan.

Recommendation L14: Consolidate emergency management and E-911 operations organizationally and physically in the planned regional Public Safety Operations Center facility. All four positions currently assigned to the Emergency Management Unit of the Division of Environmental and Emergency Management (DEEM) would be transferred to the E-911 Division.

The final organization design for providing a regional PSOC, consolidating emergency management and E-911 operations, will depend to a large degree on the services Lexington and regional partners who eventually decide to participate in the facility include in the new regional facility. It would be premature to specify an organizational plan until the partners in the project and the services to be provided are completed. Louisville's MetroSafe plan is recommended as a possible model to reference, with the understanding that it is not a regional operation and there are no other jurisdictions included as partners.

Police and Fire/EMS field units do not have the ability to communicate directly with one another. Such communication must currently be directed to a dispatcher. There are areas of Fayette County where Fire/EMS radio

communications is not available due to “dead spots” in coverage. This is obviously not state-of-the-art emergency communications functionality.

Planning for the new regional PSOC should include development of the ability for emergency service field units to communicate directly with one another. This cross-functionality should also include other Lexington divisions, such as Public Works units.

Recommendation L15: Provide the ability for emergency service field units to communicate directly with one another.

Recommendation L16: Eliminate dead spots in radio coverage in the region to be served by the PSOC.

Implementation of these recommendations will ensure that a state-of-the-art emergency management organization will be put into place for Lexington residents and nearby counties.

Call Standards and Staffing

The E-911 center does not track performance against a service quality standard since no standard has yet been established. The call abandonment rate for 911 calls is 6%. This is a high abandonment rate and may be related to long wait times to have a 911 call answered.

Model E-911 centers all have service quality standards for answering 911 calls. The most common standard is: “Answer 90% of 911 calls within 10 seconds.”

Recommendation L17: Establish a service quality standard of answering 90% of 911 calls within 10 seconds and track performance against the established service quality standard. The goal of such a standard is to ensure timely response and reduce the call abandonment rate, increasing life safety for the Lexington public.

The division has recently had a staffing analysis completed by the International Call Management Institute (ICMI). Management Partners staff reviewed the report and outcomes of the analysis and observed that the methodology and recommendations are sound and meet the standards espoused by the Association of Public Safety Officials International. Management Partners concurs with the recommendations made by ICMI.

Recommendation L18: Implement the staffing recommendations contained in the recent staffing requirements analysis conducted by ICMI.

Job Sharing

The Division of Enhanced 9-1-1 is experiencing a 17% vacancy rate in its communications staff. Recruitment efforts are not producing the quantity of candidates needed to bring the vacancy rate to an acceptable level. Because of this, uniformed firefighters are being hired on overtime to staff fire/EMS dispatch positions, a costly solution for the City.

High turnover and vacancy rates are common for communicators throughout the country as revealed by an APCO survey. The most common cause cited by persons leaving the profession is job stress related to mandatory overtime. A significant percentage of professional communicators are women who are heavily impacted by mandatory overtime, causing conflicts with child care. The stress related to such conflicts causes them to leave the profession. Management needs to become more creative about making the employment environment more conducive to attracting women who have child care responsibilities.

One strategy to consider is to create part-time positions that could be filled by job sharing. Job sharing plans could be created in a number of configurations. For example, summer seasonal jobs that might be attractive to school teachers who could share with working mothers who could take the summer off to be with their children. Or having two, three, or even four persons sharing a single position might be found to be attractive.

Recommendation L19: Develop job sharing strategies for professional communicator positions to reduce the turnover and vacancy rates.

DEEM/E-911 Division Position Transfers

Positions transferred into the merged DEEM/E-911 Division to accomplish Recommendation L14 are shown in Table L4.

TABLE L4: MERGED DEEM/E-911 DIVISION POSITION TRANSFERS IN

Position	FY 2008 Cost	Benefit Rate	Total	Transfer From
Director of Environmental and Emergency Management	\$86,489	37.35%	\$118,792	Division of Environmental and Emergency Management
DEEM Preparedness Coordinator	\$40,011	38.67%	\$55,483	Division of Environmental and Emergency Management
DEEM Program Manager (2)	\$98,296	41.70%	\$139,285	Division of Environmental and Emergency Management
Administrative Specialist (2)	\$73,219	40.04%	\$102,535	Division of Environmental and Emergency Management
Staff Assistant	\$35,493	41.42%	\$50,194	Division of Environmental and Emergency Management
Total	\$333,508	39.81%	\$466,289	NA

All 84 positions currently in the E-911 Division will be transferred into the merged DEEM/E-911 Division. Some of those positions will be subsequently transferred out or eliminated as shown in the following tables.

Positions transferred from the merged DEEM/E-911 Division to implement Recommendation N19 are shown in Table L5 below.

TABLE L5: MERGED DEEM/E-911 DIVISION POSITION TRANSFERS OUT

Position	FY 2008 Cost	Benefit Rate	Total	Transfer To
GIS Programmer/Analyst (2)	\$114,592	39.88%	\$160,417	Office of Chief Information Officer
GIS Specialist (2)	\$100,884	42.15%	\$143,406	Office of Chief Information Officer
Total	\$215,476	41.00%	\$303,823	NA

Positions to be added and eliminated to merge the DEEM and E-911 divisions are shown in Table L6 below.

- Add a Director of DEEM/E-911
- Eliminate the Director of Environmental and Emergency Management
- Eliminate the Director of Enhanced 911

TABLE L6: MERGED DEEM/E-911 DIVISION POSITIONS TO BE ADDED AND ELIMINATED

Position	FY 2008 Cost	Benefit Rate	Total	Add/Eliminate
Director of DEEM/E-911	\$90,000*	38.00%*	\$124,200*	Add
Director of Environmental and Emergency Management	\$86,489	37.35%	\$118,792	Eliminate
Director of Enhanced 911	\$79,793	37.38%	\$109,619	Eliminate
Net Change	(\$76,282)	36.61%	(\$104,211)	NA

*Estimated Cost and Rate

Division of Environmental and Emergency Management

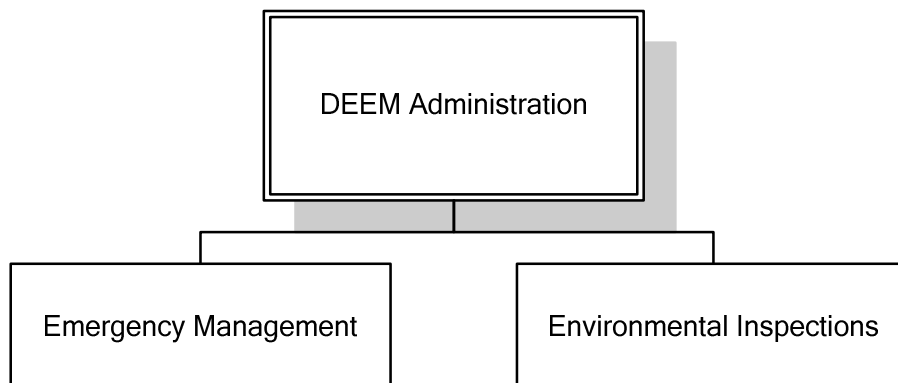
The Division of Environmental and Emergency Management (DEEM) regulates underground storage tanks, provides environmental awareness, and emergency preparedness planning. The division's primary responsibilities include:

- Regulating and inspecting installation and operation of underground storage tanks
- Adopting and implementing regulations regarding installation and operation of above ground storage tanks
- Investigating environmental complaints
- Reviewing environmental plans
- Promoting community environmental awareness through seminars, the media, interviews, public speaking engagements, lectures and literature
- Coordinating investigations and clean up of environmental contamination/release, including surface waters
- Developing and managing emergency preparedness programs
- Maintaining an effective emergency warning/notification system for community emergencies and disasters
- Maintaining compliance with the National Incident Management System
- Promoting severe storm preparedness and earthquake preparedness programs

The Division consists of 9 FTEs and has a budget of \$753,220, with 71% spent on salaries and benefits.

Figure L6 below shows the division's organizational structure.

**FIGURE L6: DIVISION OF ENVIRONMENTAL AND EMERGENCY MANAGEMENT
ORGANIZATIONAL STRUCTURE**



The following recommendations apply to DEEM.

Organizational Structure

Homeland Security concerns since the 9/11 attack have modified the emergency management operations environment from one that was nearly totally focused on natural disaster response to one that has a principal focus on terrorist threat analysis and suppression. Nonetheless, the focus on natural disaster response still remains as a priority mission of emergency management units. However, the expanded role regarding homeland security requires a new organizational plan that will consolidate the tools needed for threat analysis and suppression.

DEEM has recently been the subject of reorganization by transferring a significant number of its environmental management responsibilities to the Public Works Department. In addition, the City is planning on creating a regional Public Safety Operations Center (PSOC) that would play a primary role in emergency management. Interviews with DEEM staff revealed uncertainty as to their current mission and responsibilities.

The City has begun moving in the appropriate direction by initiating planning for a regional PSOC. What is needed next is to implement an organizational plan that consolidates the support systems for the new mission of emergency management. The organizational model that is the most appropriate is that created by Louisville with its MetroSafe operation. Implementing that type of model in Lexington would involve transferring any remaining environmental management responsibilities currently in DEEM to the Department of Environmental Quality. In addition, the E-911 unit and emergency management agency should be consolidated as a new division reporting to the Public Safety Commissioner.

Recommendation L20: Transfer environmental management duties of DEEM and the two

environmental staff to the Environmental Quality Department.

Recommendation L21: Consolidate the Division of Enhanced 911 and emergency management responsibilities into a single new division reporting to the Public Safety Commissioner.

Recommendation L22: Use the Louisville MetroSafe organizational model to guide implementation of the new division.

DEEM Position Transfers

Positions transferred from the Division of Environmental and Emergency Management to implement Recommendation L14 are shown in Table L7 below.

TABLE L7: DIVISION OF ENVIRONMENTAL AND EMERGENCY MANAGEMENT POSITION TRANSFERS

Position	FY 2008 Cost	Benefit Rate	Total	Transfer To
Director of Environmental and Emergency Management	\$86,489	37.35%	\$118,792	Merged DEEM/E-911 Division
DEEM Preparedness Coordinator	\$40,011	38.67%	\$55,483	Merged DEEM/E-911 Division
DEEM Program Manager (2)	\$98,296	41.70%	\$139,285	Merged DEEM/E-911 Division
Administrative Specialist (2)	\$73,219	40.04%	\$102,535	Merged DEEM/E-911 Division
Staff Assistant	\$35,493	41.42%	\$50,194	Merged DEEM/E-911 Division
Total	\$333,508	39.81%	\$466,289	NA

The Louisville MetroSafe organization provides emergency management planning, homeland security coordination, emergency services call taking and dispatching, and command and control services for responding to natural disasters and other community emergencies. Implementing the recommendations made above will eliminate DEEM as a separate and distinct organizational unit.

Implementing these recommendations will result in a new organizational plan for emergency management that is more appropriate for modern homeland security operations.

Division of Fire and Emergency Services

The Division of Fire and Emergency Services provides fire suppression and emergency medical service for the City. The division's primary responsibilities include:

- Providing fire suppression service
- Providing emergency medical service
- Conducting plans reviews for consistency with adopted fire code provisions
- Inspecting structures for compliance with adopted fire code provisions
- Conducting arson investigations
- Maintaining Fire Division apparatus and other motor vehicles

The division is comprised of six functional units: Administration, Community Services, Training, Planning and Analysis, Fire Prevention, and Operations.

The Administration unit manages grants, human resources, payroll and personnel records. The unit is staffed with a total of six FTEs, including an assistant chief.

Community Services is responsible for coordinating public education efforts and is staffed with five FTEs, including an assistant chief.

Training is responsible for EMS training, in-service training, new equipment training, officers training and the recruit academy. The unit is staffed with one apparatus tester, seven company level training officers and one assistant chief, for a total of nine FTEs.

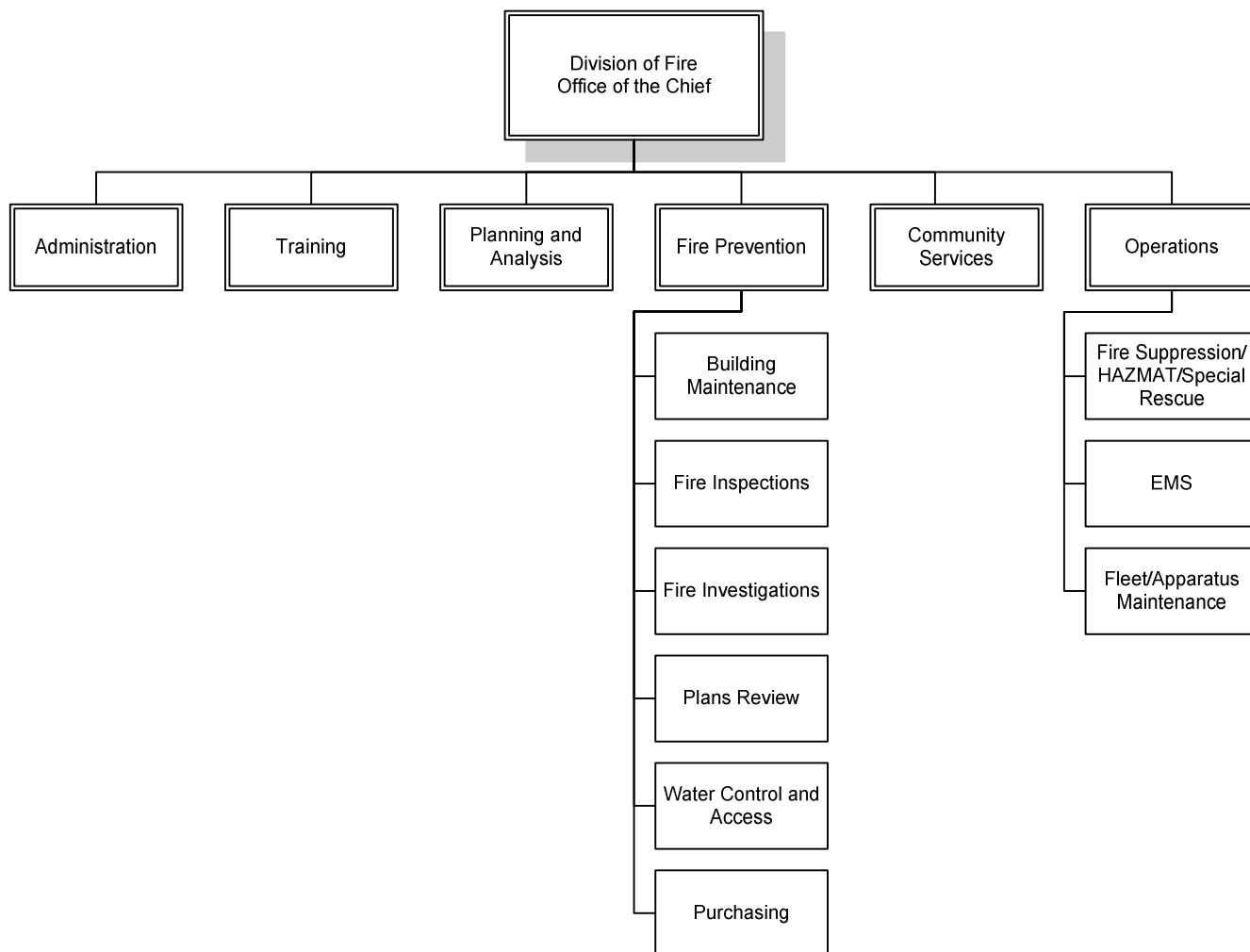
Planning and Analysis is responsible for communications, electronics and IT. The unit is staffed with one battalion chief, one assistant chief, two electronic technicians, and four civilian IT staff, for a total of 8 FTEs.

Fire Prevention is responsible for building maintenance, fire inspections, fire investigations, plan review, water control and access and purchasing. Building Maintenance is staffed with nine FTEs. Fire Inspections is staffed with five FTEs, Fire Investigations is staffed with six FTEs, Plans Review is staffed with three FTEs, and Water Control and Access is staffed with two FTEs. There are a total of 26 FTEs in Fire Prevention, including the assistant chief.

Finally, the Operations unit is responsible for apparatus maintenance, EMS, and fire suppression/HAZMAT/special rescue. The Fire Suppression/HAZMAT/Special Rescue section is staffed with 397 FTEs. EMS companies are staffed with 86 FTEs. The Apparatus Maintenance section is staffed with eight FTE s.

Figure L7 below shows the division's organizational structure.

FIGURE L7: DIVISION OF FIRE AND EMERGENCY SERVICES ORGANIZATIONAL STRUCTURE



The division consists of 553 FTEs and has a budget of \$54 million, with 90% spent on salaries and benefits.

The division consists of 23 engine companies, six ladder companies, two recovery boats, four hazardous materials response units, and nine ambulances.

The following recommendations apply to the Fire and Emergency Services Division.

Middle Management

The Division of Fire and Emergency Services is staffed with six assistant chief positions who oversee its six units. The City could realize economies by consolidating bureaus and eliminating three assistant chief positions without impacting service or administration.

The assistant chief for Planning and Analysis manages seven personnel who are responsible for communications, electronics and technology. Technological services are primarily geared toward the operations component of the department. Management of this unit should be transferred to the assistant chief for Administration.

The assistant chief for Community Services is responsible for coordinating public education activities as well as public information and relations. In fact, the public information/relations activities are performed in the field by operations scene commanders and public education efforts are completed by operations employees as ancillary duties. The chief supervises one office coordinator and three sworn officers (one from each shift) who coordinate public education efforts. This unit should be placed within the Fire Prevention section.

The assistant chief for Training is responsible for coordinating fire and EMS training, in addition to a number of additional duties such as color guard and apparatus testing. The chief for Training manages company level training officers and one battalion chief responsible for apparatus testing. Training responsibilities should be transferred to the assistant chief for Operations.

Of the seven benchmark communities that responded to Management Partners' requests for information, each jurisdiction had three or fewer assistant chiefs.

Recommendation L23: Eliminate the position of assistant chief for Planning and Design. Transfer management responsibility for this unit to the Administration Bureau.

Recommendation L24: Eliminate the position of assistant chief for Community Services. Transfer management responsibility for this unit to the Fire Prevention Bureau.

Recommendation L25: Eliminate the position of assistant chief for Training. Transfer management responsibility for this unit to the Operations Bureau.

Radio Coverage

It is important to maintain consistent communications with emergency dispatch to guarantee resident safety and maintain the lowest possible response times.

There are a number of dead spots in radio coverage and GPS mapping access throughout the County. If an incident occurs in one of the areas without radio communications, the battalion chief must leave the scene by car and drive until radio communications is established.

Recommendation L26: Conduct a study to identify the cause of lapses in radio coverage.

Recommendation L27: Invest in the infrastructure necessary to maintain communications between emergency dispatch and Fire Division operations personnel. This should be completed as a component of the regional Public Safety Operations Center project referenced in Recommendation L14.

Building Maintenance

The Division of Fire and Emergency Services has its own building maintenance personnel. Its Building Maintenance section consists of nine full-time employees: five sworn, three civilian and one sworn supervisor. They provide carpentry, plumbing and HVAC repair services to the division. These duties are not commensurate for the skill level of sworn personnel; building maintenance is a specialized service better provided by General Services.

The General Services' Building Maintenance Division is a specialized unit that deals exclusively with building maintenance. Consolidation of building maintenance is a best practice nation-wide. Because sworn officers are needed in the operations unit of the division, this is an opportunity to use their skills for more appropriate work.

Recommendation L28: Transfer building maintenance responsibility from the Fire and Emergency Services Division to the Department of General Services' Building Maintenance Division.

Recommendation L29: Reassign six sworn Fire and Emergency Services Division's Building Maintenance personnel to the Operations unit.

Recommendation L30: Reassign three civilian Fire and Emergency Services Division's Building Maintenance personnel to the Department of General Services' Building Maintenance Division and absorb the remaining additional 6 sworn building maintenance personnel into fire suppression and EMS operations. Coordinate with General Services Recommendation H4.

False Alarm Fee

In 2006, 39% of all engine company responses and 44% of ladder company responses were the result of false alarms. Responses to false alarms have the potential to divert operations personnel from actual emergencies by limiting the availability of personnel and/or increasing response times.

The Fire and Emergency Medical Services Division does not charge a fee for false alarms, a common practice nation-wide which serves as an

incentive for alarm companies and property owners to maintain their alarms and minimize inefficient use of important emergency response resources.

Recommendation L31: Implement a false alarm fee system similar to the system recommended for the Police Division.

Rotate Firefighter/Paramedics

Paramedic companies operate on 24 hour shifts and respond to an average of 10 calls per shift. Each call takes an average of one hour to complete. This is a high stress and high workload environment. Nation-wide, paramedics have a high turnover rate.

In the City, each firefighter must go through government-sponsored paramedic training as a part of the fire academy. Each recruit who graduates from the academy is a certified paramedic. After the academy, recruits serve on paramedic units as “entry level jobs.” Once they finish their tour, they rotate onto engine companies and are no longer required to serve on paramedic units unless an emergency need arises. The division does not require firefighter/paramedics to rotate between engine companies and paramedic companies at regular intervals.

The nature of both paramedic and fire service skills is such that those skills can be lost without practice. It is important to rotate firefighter/paramedics to maintain skill sets in each area and to avoid burnout on paramedic companies.

Recommendation L32: Develop a plan for periodically rotating firefighter/paramedics between engine companies and paramedic companies.

Medical Supplies Audit Protocol

The Fire and Emergency Medical Services Division does not complete regular audits of paramedic unit drug supplies or the medical supply room which are considered a best practice.

It is important when dealing with pharmaceuticals and medical equipment to complete regular audits to guard against theft.

Recommendation L33: Develop a medical supplies audit protocol.

Accident Prevention

The Division of Fire and Emergency Services is highly dependent on the use of vehicles and apparatus to respond to public safety needs. It is important to the safety of operations personnel as well as the safety of the public to ensure that these vehicles are operated in a safe manner.

The division does not track accident data or apply analysis to direct safety training efforts. Fire apparatus is also exceptionally expensive to repair.

Recommendation L34: Coordinate with Risk Management to develop a tracking and training program for accident prevention in the Fire and Emergency Services Division.

Fire Services Software System

The Fire and Emergency Services Division uses a homegrown AS400 database to track and analyze fire services data. However, the State of Kentucky is moving to the Firehouse software system and the AS400 system will not be compatible.

Firehouse is the standard off-the-shelf software used by fire services across the U.S. and should be sufficient to meet the City's Fire and Emergency Services Division needs and ensure compatibility with the state's system.

Recommendation L35: Purchase and install Firehouse data management software to track and analyze important performance data.

Fire Prevention Plan Review Software

Fire plans examiners are not linked electronically to the development review process. The division maintains its own homegrown in-house databases and coordinates with the Planning and Building Inspections divisions on development/building plan review through inter-office mail.

The Building Inspection Division is currently in the process of evaluating property-based development review systems. The Fire Prevention Unit of the Division of Fire and Emergency Services, as a member of the development/plan review team, should be linked to the centralized system. This way anyone involved in land use or property-related operations can see comments of Fire Prevention reviewers and be updated as to the overall status for that property.

Recommendation L36: Coordinate with the Building Inspection Division to provide the Fire Prevention plan review and inspection teams with access to plan review software. Coordinate with Building Inspection Division Recommendation J58.

Engine Company Staffing

The Division of Fire and Emergency Services is advocating a shift from three-person engine company minimum staffing to four-person engine company minimum staffing. Division management feels that the increase in staffing is needed to comply with national standards for fire response tactics.

Data on the use of leave (vacation, sick, etc.) necessary to calculate a relief factor that would make an accurate prediction of the staffing increase required to move to four-person minimum staffing was unavailable. As an approximation, Management Partners estimated a relief factor by identifying the total number of personnel required to staff 39 companies (29 engine and 10 paramedic companies) for three 24-hour shifts, which equal 351. Dividing 351 by 3 equals 117, which is the total number of staff needed for each shift to meet the minimum staffing standard of three per company. We then identified the actual number of operations personnel, which is 486. Dividing 486 by 3 equals 162, the average number of personnel actually assigned per shift. Dividing 162 by 117 equals an estimated relief factor of 1.38. This means that to staff one position requires that 1.38 FTE be hired to cover for various forms of leave.

Using a relief factor of 1.38, we can estimate the number of positions that would need to be hired if the 29 engine companies increased from three-person to four-person minimum staffing. The division would need to hire one extra person for each engine company which equates to 29 employees. In order to staff for 29 positions, the division would have to hire an extra 40 personnel per shift (1.38×29), or 120 total personnel to cover all three shifts.

A review of the current response protocols for fire runs indicates that the Fire and Emergency Services Division is able to meet national standards for fire scene tactics at the current staffing level of three persons per company. As is industry practice, the Fire and Emergency Services Division typically responds to fire calls with a minimum of two companies plus a battalion chief. This provides at least seven personnel at the scene, enough to meet national standards for safe tactical operations. In addition, an EMS company usually responds to fire calls, providing an additional three on-scene personnel.

Recommendation L37: Do not change engine company staffing. There is no indicated improvement in functioning or public safety by increasing the minimum staffing level and doing so has significant ongoing costs to the City.

Sprinkler Ordinance

The fire code adopted by the City does not require the installation of fire sprinklers in multi-family, commercial and high rise units for basic remodels. Under the current ordinances, fire sprinklers are only required to be installed in those structure types if the structure is being expanded or is changing uses.

Fire sprinklers must be installed on all new developments that meet the following use and square footage requirements:

- Multi-family of three stories or more
- Mercantile of 12,000 square feet or more

- Restaurant – 5,000 square feet or more
- High rise – over 75 feet

Buildings that were grandfathered under old codes do not have to install sprinklers unless they expand or change uses. For example, if a 12,000 square foot Frisch's restaurant does a complete remodel but does not expand in square footage, they are not required to install sprinklers, despite the fact that they do not meet current safety standards.

In these use types, fire sprinklers are important and necessary to protect public safety. Fire sprinklers are recommended for such structure types by the National Fire Protection Association.

Recommendation L38: Require the installation of fire sprinklers in all multi-family, mercantile and restaurant uses with remodels exceeding a cost of \$5,000.

Recommendation L39: Design and implement a program requiring the retrofit installation of fire sprinklers in high-rise buildings.

Ambulance Staffing Levels

The Fire and Emergency Services Division applies the three person company minimum staffing policy to ambulances as well as fire apparatus. The rationale for placing three persons on an ambulance in Lexington is that ambulances often respond to fire calls and persons assigned may assume on scene fire fighting duties if there are no emergency medical services required. However, if emergency medical service and transport is required all three EMS personnel carry out such duties as first priority. In other words, the justification for three persons per ambulance was primarily for possible assistance for fire-fighting duties. We have noted earlier in the report, that response protocols for fire-fighting companies have been effectively constructed to meet NFPA standards for fire scene staffing. So ambulance responders to fire calls are in addition to an already appropriate number of fire companies.

Most jurisdictions nation-wide staff ambulances with two persons. As part of this project Management Partners asked the benchmarking partners number of staff on an EMS ambulance. Of the 12 benchmarking partners contacted, eight responded and all eight indicated that they staff their EMS ambulances with two persons. Table L8 below shows the details of the survey.

TABLE L8: EMS AMBULANCE STAFFING BENCHMARKING SURVEY RESULTS

Jurisdiction	Number of Staff Assigned Per EMS Ambulance
Cincinnati, OH	2
Louisville, KY	2
Toledo, OH	2
Augusta – Richmond County, GA	2
Corpus Christi, TX	2
Colorado Springs, CO	2
Santa Ana, CA	2
Madison, WI	2
Lexington, KY	3

As indicated in the table, all EMS services, except for Lexington, assign two staff per ambulance. Response protocols, including staffing requirements, are typically developed by a committee of trauma care physicians serving under a Medical Services Director, who is usually also a trauma care physician. In each of the benchmarking cities, their Medical Director has indicated staffing an ambulance with two qualified personnel provides quality patient care.

We also contacted the American Heart Association (AHA) to determine if they make a recommendation concerning the number of staff for an EMS ambulance. The AHA indicated they do not make a recommendation concerning EMS ambulance staffing with either two or three persons. However, AHA does recommend that there be one qualified person to monitor patient status and provide care for a patient during transport. When you add a person to drive the ambulance to the person providing patient care during transport that means only two persons are needed to provide transport that would comply with the AHA recommendation that a person be available to monitor the patient's condition during transport.

Medical care protocols for EMS are developed by qualified trauma care physicians. The application of those protocols dictate staffing requirements. It is important to note that the objective of EMS, from a quality of care point of view, is to quickly stabilize a patient at the scene and then, if appropriate, transport to a trauma center for care by a physician with appropriate equipment and medical support personnel. If trauma center care is dictated by the medical care protocols, the objective of EMS is not to provide full treatment but to stabilize and transport.

Based on industry practices that are nearly universal in our experience, and developed to assure the best medical care protocols, staffing three persons per ambulance is a needless expense, adding nothing to the quality of patient care. In addition, it appears from our interview information, a primary reason for staffing an ambulance with three persons has as much to do with providing fire service response as it does with EMS medical care protocols.

There are nine ambulance companies in the City. Changing the staffing per ambulance from three to two would result in reducing ambulance staffing by a minimum of twenty-seven positions.

Recommendation L40: Staff ambulances with two persons instead of the current three. Using a midpoint firefighter salary range for 2007 of \$40,578 and adding estimated benefits at 32% of \$12,985, total savings per employee would be \$53,563 or a total of \$1.4 million for a reduction of 27 employees.

Fire and Emergency Medical Services Division Position Savings

Total position savings achieved by implementing Recommendations L24, L25, L26 and L40 are shown in Table L9 below.

TABLE L9: FIRE AND EMERGENCY MEDICAL SERVICES DIVISION POSITION SAVINGS

Position	FY 2008 Cost	Benefit Rate	Total
Assistant Chief (3)	\$262,240	49.06%	\$390,891
Firefighter (27)	\$1,095,606	32.00%	\$1,446,199
Total	\$1,357,846	35.29%	\$1,837,090

Fire and Emergency Services Division Position Transfers

Positions transferred from the Fire and Emergency Services Division to implement the following recommendation are shown in Table L10 below.

- Transfer three Skilled Trades Worker positions from the Fire and Emergency Services Division to the General Services Department Building Maintenance Division to consolidate facility maintenance responsibilities.

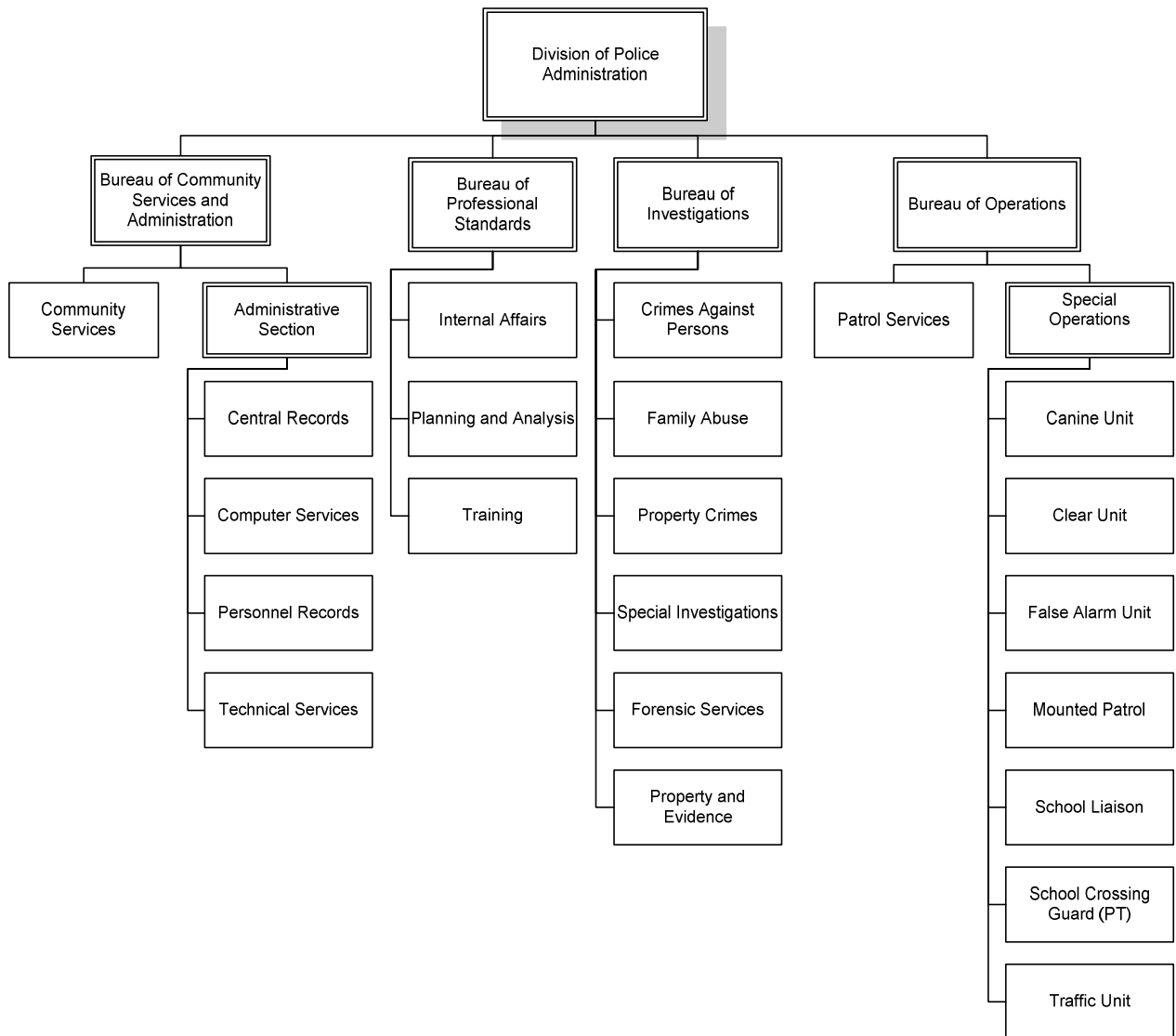
TABLE L10: FIRE AND EMERGENCY SERVICES DIVISION POSITION TRANSFERS

Position	FY 2008 Cost	Benefit Rate	Total	Transfer To
Skilled Trades Worker (3)	\$128,724	44.09%	\$185,478	General Services Building Maintenance Division
Total	\$128,724	44.09%	\$185,478	NA

Division of Police

The Division of Police provides crime prevention and response to the Lexington community. The division is comprised of five units: Administration, Community Services and Administration, Professional Standards, Investigations, and Operations. Figure L8 below shows the organizational structure of the Police Division and its programs and staffing:

FIGURE L8: DIVISION OF POLICE ORGANIZATIONAL STRUCTURE



The division has a budget of \$56 million, with 92% spent on salaries and benefits. The Lexington Police Division has a total of 661 authorized FTEs according to the October Authorized Strength Report, as shown in Table L11 below.

TABLE L11: LEXINGTON POLICE DIVISION BY JOB TITLE

Title	Number of Positions
Chief	1
Assistant Chief	4
Major	4
Captain	8
Lieutenant	25
Sergeant	61
Officer	467
Total Sworn	570
Civilians*	91
Total All Positions	661

*Does not include 72 part-time School Crossing Guard positions.

The Division uses the CompStat community policing model and has a strong crime analysis function. The new helicopter unit is economically managed, with a sound deployment plan to fly on Friday and Saturday nights, and at special events, SWAT team events, and major arrests.

The Community Law Enforcement Action Response (CLEAR) team is, in effect, a division-wide tactical unit deployed as an element of CompStat initiatives. The mission of CLEAR includes, but is not limited to, quality of life crimes patterned on the “broken windows” tactics of crime fighting. Many such “broken windows” operations include code enforcement inspectors and fire inspectors.

The division has many achievements, including a SWAT squad, mounted patrol, canine unit, and individual officers that have all captured many competitive awards nationally. The division’s Advanced Language Program, an immersion program, has been nationally recognized and copied by other agencies. The division is accredited by the state and the Commission on Accreditation for Law Enforcement Agencies (CALEA), and been recognized for everything from its uniforms to its vehicle design.

The following recommendations apply to the Police Division.

Report Automation

The Central Records section is open to the public during normal weekday business hours for report requests. It is located in the lobby of the Police Division and also controls access to the division’s offices.

The records section is headed by a police lieutenant, earning about \$86,500 in base salary and has a sergeant as an assistant earning about \$63,000, two principal administrative specialists earning about \$45,000

per year, and 21 administrative specialists, clerical, and staff assistants that earn from \$27,000 per year to \$45,000 per year.

The Central Records function in most police agencies has traditionally been a very labor intensive function, with data entry, report copying, filing, and distribution being done by a host of civilian clerks. With the advent of Mobile Data Computers (MDCs) in police vehicles, reliance on clerks for data entry is lessening dramatically. This is the case in Lexington. Nearly all reports are now being entered electronically.

While data entry workload is decreasing, it has not been totally eliminated. One workstation is still required for input of the manual reports that are being received, and there will always likely be some manual reports until all staff have MDCs which is not likely for several years. Two workstations are used to enter traffic citations that are not being written on the state's electronic citation form into the Record Management System (RMS). At this point, the clerical staff is being used more for quality control review and validation of reports rather than data entry.

Continuing to move forward with automated report entry for City personnel and online reporting for the public will help maintain staffing levels and productivity for the unit.

Recommendation L41: Implement online access for police records. Currently, records requests are mailed in or made in person and requires manual retrieval, copying and distribution. This is labor intensive. By the first of the year, accident reports will be available online, and offense reports should be available by mid-year 2008.

Recommendation L42: Implement an online reporting system for use by the public. Ultimately, this will lessen the need for Teleserve positions. The elimination of one Teleserve post could save as much as \$200,000 per year in base salary alone (five telecommunicators at \$40,000 annual pay each).

Recommendation L43: Replace the lieutenant and sergeant with civilian managers in the Central Records section. A civilian manager might earn from \$60,000 to \$75,000 per year, and an assistant might earn \$50,000 to \$60,000 per year. Even at the top of the range for these civilian positions, \$14,500 would be saved annually. No police powers are needed to run Central Records.

Implementation of these recommendations will result in immediate cost savings of \$14,000 and long-range annual cost savings in excess of \$400,000 and will provide better service to the public in terms of easier and faster availability of records and making reports.

Staffing Standards

To guide its allocation of resources regarding Police Division staffing, Lexington has adopted a policy of having 2.5 police officers per 1,000 population. The International Association of Chiefs of Police (IACP) has stated that, "Ratios, such as police officers per thousand population, are totally inappropriate as a basis for staffing decisions." Staffing in a police organization should be based primarily on workload and service quality standards.

The IACP has developed a workload-related recommendation for determining patrol staffing needs. Industry experience has revealed that when patrol officers have a significant amount of time available for officer initiated activity driven by crime analysis, crime is most likely to be reduced. Patrol activities are divided into three types: 1) Responding to calls for service dispatched through the E-911 center; 2) Administrative tasks, such as completing reports, role calls, meeting with supervisors, processing arrests etc.; and, 3) Officer-initiated activity, such as traffic stops, or initiating field contacts. The IACP recommends that at a minimum one-third of a patrol officer's time should be available for officer-initiated activity. The IACP research has also found that time required for administrative duties roughly parallels time requirements for responding to dispatched calls for service.

Lexington should modify its policy for police patrol staffing by adopting the more appropriate workload-related policy recommended by the IACP. Management Partners has developed a staff planning methodology that is based on the policy recommended by the IACP for patrol staffing. That methodology is set forth below.

Patrol staffing must first of all account for time consumed by responding to calls for service. The Lexington Police Division has provided data from 2004 that has allowed Management Partners to determine that the average number of minutes consumed by a call for service is 35.7. Patrol units responded to 186,717 calls for service in 2006. Thus, the estimated time consumed by patrol units responding to calls for service in 2006 was 111,097 hours.

After determining the hours required to respond to calls for service, it is necessary to determine the average number of hours a patrol officer has available. Based on data supplied by the Police Division, an officer has an average of 1,393 hours actually available after subtracting time used for vacation, sick leave, training and all other forms of leave. In other words, an officer has 1,393 actual hours that can be used for the three patrol activities of responding to calls for service, performing administrative duties, and for officer-initiated activity.

Applying the IACP minimum standard of one-third of the officer's time available for officer-initiated activity equates to 464 hours. This means that 928 hours would be available for responding to calls for service and performing administrative tasks. As noted previously, administrative time

requirements roughly parallel call for service time. This means that the remaining 928 hours would be allocated 464 hours for responding to calls for service and 424 hours for administrative activities.

If, on average, an officer has 464 hours available to respond to calls for service and the most recent experience indicates that 111,097 hours were consumed responding to calls for service, the Police Division should have a minimum of 240 officers assigned to patrol duty. There are currently 226 officers assigned to patrol, meaning that 14 more officers are needed to meet the IACP minimum standard of having 33% of an officer's time available for officer-initiated activity.

Lexington has adopted a goal of adding 50 officers per year each year for the next three years. Attaining this goal would provide the personnel resources to meet the IACP minimum patrol staffing standard. In fact, this goal would also allow Lexington to exceed the minimum IACP standard. Adding a total of 150 police officers over the next three years will allow the Police Division to realize a standard of 50% of a patrol officer's time being available for officer-initiated activity. If patrol staffing is predicated on having 25% of an officer's time available for responding to calls for service, 25% for administrative activities, and 50% for officer initiated activity, an officer would have 348 hours consumed by responding to calls for service. Based on 111,097 hours being needed for calls for service, 319 officers would need to be assigned to patrol duties. This is 93 more officers than currently assigned to patrol.

Officer-initiated activity is the most valuable use of patrol time if the division uses a CompStat type of policing mode. Responding to calls for service is reactive policing. CompStat is proactive policing. While both are important, reactive policing obviously occurs after the fact, while proactive policing aims at crime control and prevention. CompStat is driven by analysis of crime data to provide accurate and timely intelligence so that effective strategies and tactics can be developed. The police division has an effective crime analysis system in place and has implemented a division-wide tactical team known as the CLEAR unit. Given that these resources have already been put into place positions the division to optimize additional patrol resources. Patrol commanders will have the flexibility for rapid deployment of personnel and resources to implement proactive policing tactics for effective crime control.

Recommendation L44: Adopt the International Association of Chiefs of Police or IACP workload patrol staffing standard.

Recommendation L45: Assign a minimum of 14 additional officers to meet the IACP minimum patrol staffing standard.

Recommendation L46: Update patrol staffing requirements as an element of the biennial budget process.

Recommendation L47: Increase the average target of time for officer-initiated activity to 50% as additional officers are added.

A noted weakness is that the Police Division did not have ready access to information about the number of hours consumed responding to calls for service. This information is the keystone for determining patrol staffing needs as described above. Most police agencies have access to this information through the E-911 Center's Computer Aided Dispatch (CAD) system. Also, the division did not have the most recent data on leave (vacation, sick, etc) and training time. This data is also critical for staffing decisions in that it establishes the average time that officers are actually available to perform their duties.

Recommendation L48: Track hours spent responding to calls for service.

Recommendation L49: Establish actual officer availability by tracking hours used for leave and training time.

As additional patrol officers are added, it will be necessary to also add sergeants to supervise patrol staff. The IACP recommends a ratio of six to 10 officers per sergeant. The selection of an exact ratio is a function of the average service time of the members of the patrol force. The lower the average service time, the lower the ratio should be. Adding as many as 93 new members to the patrol unit would suggest a ratio of eight officers to each sergeant, assuming that the new members are also newly commissioned police officers. Thus, the Police Division should plan on adding 12 new sergeants as additional police officers are added in the next three years.

Recommendation L50: Add new patrol sergeants at a ratio of one sergeant for each eight additional police officers assigned to patrol.

Sergeants should be fully trained and promoted prior to additional police officers being added. See Recommendation L65 on enhancements to the current program for selection and training of sergeants.

There are no national standards for non-patrol police activities as has been developed for patrol by the IACP. Nonetheless, there is an objective methodology for determining staffing based on workload and local policy preferences for other police units such as investigations and traffic control.

The first step in the methodology is to determine the average number of hours consumed per case assigned for investigation by case type. This is calculated by dividing the number of hours consumed for cases assigned for investigation by the number of cases assigned for investigation. Cases should be tracked by a unique identifying case number and aggregated by case type. For example, homicide investigations should be coded and tracked separately from assault cases.

Step two is to determine the projected caseload hours for the case type by multiplying the average number of hours consumed for that case type by the most recent five-year average of cases assigned for investigation for that case type.

Step three is to calculate the FTE requirement by case type by dividing the projected caseload hours for the case type by the net available work hours available per position. The net available work hours per position are a department-wide calculation.

Step four is to determine the total number of investigative personnel needed per unit by adding the total number of FTE personnel requirements by case type for all case types assigned to the unit.

Attachment L-1 provides an example of how to apply this methodology.

Recommendation L51: Adopt a workload-related staffing methodology to determine staffing levels for investigative units of the Police Division.

Recommendation L52: Assign additional personnel resources to non-patrol units based on the workload-related staffing methodology as additional sworn personnel are authorized in the budget.

Using the protocol detailed above will necessitate gathering case data and using a simple labor distribution/tracking system. Case data that must be gathered is detailed as follows.

- Number of investigator hours consumed by case type
- Number of cases assigned for investigation by case type
- Number of cases assigned for investigation by case type each year for most recent five-year period
- Net available work hours per position

The Police Division should install appropriate technology so that the data needed can be entered, tracked and automatically generated through information technology that is user-friendly and universally available to investigation units.

Recommendation L53: Develop and install appropriate software to electronically track data needed for the workload-related staffing methodology for investigative units.

There are two workload drivers for traffic enforcement activities: complaints and officer initiated operations.

The recommended operations standard for complaint-related enforcement workload is: "Mount an enforcement operation for X% of traffic complaints within X days of notification" (X values to be determined by appropriate Police Division command staff). Performance against this standard should be tracked on a monthly basis.

The number of complaints received, the number of enforcement operations mounted as a result, and the labor hours consumed by this activity would have to be tracked. None of these data elements are currently available. Consequently, a specific staffing level cannot be recommended at this time. The five-year average for number of complaints received should be calculated and used to project workload for this activity.

Recommendation L54: Track the number of traffic enforcement complaints received, traffic complaint enforcement operations mounted, and labor hours used to determine appropriate staffing for traffic complaint enforcement.

Officer initiated traffic enforcement should be a function of accident rates and accident locations. The unit should establish an operations standard for this activity. The recommended operations standard is: "Mount an enforcement operation for each of the accident sites that are above the city average accident rate on a (weekly, monthly, select one) basis."

The unit should be equipped with software that enables it to map accident locations and aggregate the information into meaningful accident location analysis. Ranking of sites needing enforcement should be done using the same time frame that is used for the operations standard. The unit should track the labor hours used for this activity and divide that number by the number of enforcement operations mounted to meet the operations standard to determine the average number of labor hours per enforcement operation. The five-year average of operations mounted should be calculated yearly and used to project the number of enforcement operations needed. Applying the average labor hours per operation mounted to the projected enforcement operations needed to meet the standard will indicate the number of officers needed for this duty.

Recommendation L55: Track the number of officer-initiated enforcement operations meeting the established operations standard to determine appropriate staffing for officer initiated traffic enforcement.

Use of Non-Sworn Personnel

Police agencies often use sworn officers with special skills to start up new endeavors as they adjust to new situations. It is common to find officers doing work that does not require use of police powers.

Such is the case in Lexington. Sworn officers with police powers are filling positions that do not require police powers and police training to perform. In our examination of police departments, Management Partners distinguishes between positions that are providing direct service to citizens and positions that primarily provide support to those positions providing direct service. For example, an officer assigned to a beat or to robbery investigations provides direct service. An officer assigned to schedule personnel for special details would be a support person. Typically, higher ranking sworn personnel, from lieutenants on up in rank, are classified as support personnel because their job as a manager requires that most of their time be spent in contact with other sworn personnel rather than in contact with citizens requiring service. Normally, civilian positions in a police agency fill such support roles, but there are exceptions to the norm. For example, when a police agency has civilian call takers, school-crossing guards and civilian traffic control officers, they are usually non-sworn personnel who provide a direct service to citizens.

The purpose of this type of analysis is to determine what percentage of staffing is allocated to direct service as compared to support. This is a rough measure of efficiency in the deployment of human resources. Table L12 below shows how personnel staffing in the Lexington Police Division is divided between direct service and support service for the currently filled, full time positions.

TABLE L12: POLICE DIVISION STAFFING BY DIRECT SERVICE AND SUPPORT POSITIONS

Rank/Title	Total	Number Direct	Percent Direct	Number Support	Percent Support
Chief	1		0.0%	1	100.0%
Assistant Chief	4		0.0%	4	100.0%
Major	4		0.0%	4	100.0%
Captain	8		0.0%	8	100.0%
Lieutenant	25		0.0%	25	100.0%
Sergeant	61	50	82.0%	11	18.0%
Officer	436	392	89.9%	44	10.1%

Rank/Title	Total	Number Direct	Percent Direct	Number Support	Percent Support
Total Sworn	539	442	82.0%	97	18.0%
Civilians*	84	11	13.1%	73	86.9%
Total All Positions	623	453	73.5%	170	26.5%

Our analysis indicates that 18% of the sworn force of the department is engaged in activities that are primarily support in nature. This is a relatively high ratio of sworn personnel dedicated to support tasks. Overall, about 26.5% of sworn and civilian staff are support as opposed to direct service operations. This overall ratio represents a deployment pattern typical in the industry, where our experience among several jurisdictions has shown that 25% to 30% of personnel in police agencies provide support services. While the ratio of support positions is typical of the industry, there are several jobs currently assigned to sworn personnel that could be accomplished by less costly non-sworn personnel.

Opportunities exist to augment direct services by redirecting 27 sworn personnel back to providing direct service to the public and away from those activities that can reasonably be handled by non-sworn staff. Specific examples include:

- There is a lieutenant in the chief's office doing budget and fiscal work and reports to the captain who serves as chief of staff. This can be filled by a civilian budget or management analyst.
- There is an officer who coordinates public information for the division by identifying who should speak on a particular issue. No police powers are needed for this work.
- A police officer in the Bureau of Community and Administrative Services has responsibility for fulfilling all public records requests for tapes of calls for service and other items from the communications system. This function should be fulfilled by a civilian in the Communications Division.
- There is a sergeant and officer in the Computer Information Services unit. There already is a computer systems manager in the unit; these positions could be replaced by civilian information systems specialists.
- There are sworn positions in Central Records that can be filled by civilians.
- There is a sergeant in the Technical Services section that could be filled by a civilian manager.
- There are three officers assigned to the Bureau of Investigations office. Many of their duties are purely administrative in nature and could be done by civilians. However, some of the work done by these officers does require police powers. Replace two officers with civilian assistants.
- There are eight officers and one sergeant in the Forensic Services unit that could be civilian positions.
- There is an officer assigned to the Property and Evidence Control unit that uses no police powers.

- There are two officers serving as polygraphists that can be replaced by civilians. We have also seen much larger agencies that do not have two polygraphists. The workload should be examined.
- The False Alarm unit is managed by a sergeant that could be a civilian.
- There is a lieutenant and two officers in the Planning and Analysis unit that could be replaced by civilians.

If the Internal Affairs unit were to report directly to the chief, as is often the case (and recommended), Training and Planning could be made part of the Community and Administrative Services Bureau and one less assistant chief position would be needed.

Police training is expensive and time consuming and personnel with such training should be used only in jobs that require the use of such training and police powers.

Recommendation L56: Reclassify division positions that are filled by sworn staff but do not require the use of police powers to a civilian classification. Detail on specific positions recommended to be civilianized is found in Table L13 below. Civilianizing the 27 specific positions noted below would result in estimated savings of \$386,000 per year.

TABLE L13: SWORN POSITIONS RECOMMENDED TO BE FILLED BY CIVILIAN EMPLOYEES

Unit	Function	Position	Salary	Replace With	Salary	Difference
Chief's Office	Fiscal and Budget	Lieutenant	\$74,300	Budget Analyst	\$46,100	\$28,200
	Public Information	Police Officer	\$54,200	Information Specialist	\$44,000	\$10,200
Bureau of Community and Administrative Services	Public Records Requests for Tapes	Police Officer	\$41,800	Administrative Specialist	\$30,400	\$11,400
Computer Information Services	Information Systems Support	Sergeant	\$60,300	None	\$0	\$60,300
	Information Systems Support	Police Officer	\$44,500	None	\$0	\$44,500
Central Records	Records Management	Lieutenant	\$86,500	Records Manager	\$75,000	\$11,500
	Records Management	Sergeant	\$63,000	Assistant Manager	\$60,000	\$3,000
Technical Services	Electronic and Equipment Management	Sergeant	\$65,700	Tech Manager	\$60,000	\$5,700
Bureau of Investigations	Administrative Support	Police Officer	\$44,500	Administrative Specialist	\$30,400	\$14,100
	Administrative Support	Police Officer	\$44,500	Administrative Specialist	\$30,400	\$14,100
Forensic Services	Evidence Analysis	Sergeant	\$65,700	Evidence Tech Manager	\$60,000	\$5,700
	Evidence Analysis	Police Officer	\$44,500	Evidence Tech	\$43,000	\$1,500
	Evidence Analysis	Police Officer	\$44,500	Evidence Tech	\$43,000	\$1,500
	Evidence Analysis	Police Officer	\$44,500	Evidence Tech	\$43,000	\$1,500
	Evidence Analysis	Police Officer	\$44,500	Evidence Tech	\$43,000	\$1,500
	Evidence Analysis	Police Officer	\$44,500	Evidence Tech	\$43,000	\$1,500
	Evidence Analysis	Police Officer	\$44,500	Evidence Tech	\$43,000	\$1,500
	Evidence	Police Officer	\$44,500	Evidence Tech	\$43,000	\$1,500

Purchasing Technology

Computer equipment and support other than the MDCs is an issue in the Police Division. Staff interviewed for this review expressed considerable dissatisfaction with the vendor used. The division does its own repair of computers.

Police staff consider the computer hardware support provided by a local vendor to be substandard. Frequency of failure, response time for repairs, and reliability of equipment are all cited as issues.

If multiple computers are purchased, each may be delivered with a different hard drive and processor. This increases the inventory of spares required to be kept on hand for repairs.

Service is also slow and may take three days to a week to get a problem resolved. The warranty on delivered equipment is limited and it is difficult to get defective equipment replaced. The supplier does not warrant parts purchased from other sources.

Recommendation L57: Purchase computers and software from the state contract. The warranty is better and that contract guarantees at least next day response time for onsite repairs.

False Alarm Fees

Alarm calls are a priority response for the Police Division. It is important to understand that in the case of many false alarms, officers are abandoning other important and/or effective police work in order to respond. The Police Division has tried to reduce this burden by improving the alarm ordinance and through education of the public, but the pattern persists. The City does issue a citation for false alarms after the third false call, but it is for a nominal \$50 fine. The schedule of fines is fairly progressive, going to \$500 for the ninth false alarm, \$300 if it is not contested. The alarm administrator has the authority to suspend the use of an alarm after five false alarms and to revoke the permit after 10 false alarms, with the suspension period good for up to 60 days and the revocation period for up to one year.

In 2006, the Police Division responded to 10,696 alarms in 2006. False alarms occurred in 99% of those runs, which is the experience nationally. False alarm response by Police Division personnel is a waste of resources. While the ordinance puts more responsibility on the alarm companies than many ordinances, the current system for reducing the number of false alarms responses has not had a significant impact and alarm companies should shoulder even more responsibility. Table L14 below shows actual alarm response data for 2002-2006.

TABLE L14: ACTUAL ALARM RESPONSE DATA, 2002-2006

Year	Total Alarm Runs	Number of Runs False	Percent	Reports Made	Percent	Arrests Made	Percent
2002	12,450	12,284	98.67%	149	1.20%	17	0.14%
2003	13,354	13,166	98.59%	163	1.22%	25	0.19%
2004	11,688	11,579	99.07%	88	0.75%	21	0.18%
2005	11,722	11,621	99.14%	87	0.74%	14	0.12%
2006	10,696	10,588	98.99%	89	0.83%	19	0.18%

Dispatch protocol requires that two officers be sent on all alarm calls. When the patrol units arrive, they assess the situation and determine if the alarm is false or real. Once this determination is made, one unit will return to service while the other unit waits for the property owner to respond and secure the alarm and property. If it took officers only 10 minutes to respond and determine that the alarms were false, officers spent 3,529 hours (441 eight-hour days) responding to alarms in 2006. The actual time spent is probably higher but data was not readily available to determine an exact figure.

Besides the waste of resources that results from this problem, there is another equally concerning issue: the safety of officers. The high incidence of false alarms is akin to “crying wolf” and conditions officers to believe that every alarm is likely to be false. Despite training, when responding to an alarm officers can be lulled into a sense of security that runs counter to good practice. In the one percent of the cases where the alarm is not false, such a sense of security could lead to an unfortunate outcome for officers and/or citizens.

The current practice for reducing the number of false alarms has not produced the intended result, is a public relations issue for the Police Division, and likely costs more to administer than is collected in false alarm fines. A better system for reducing the incidence of false alarms is needed. Billing alarm companies for false alarms has a better likelihood of reducing false alarms than the current practice of billing the alarm user. There should also be no forgiveness for false alarms with every false alarm billed to the alarm company that provides the alarm service. The fact is the service that is being sold by the alarm company is the police response, not the alarm signal itself.

Since the alarm company is utilizing and benefiting from the City’s police response, it is equitable for alarm companies to bear the onus for reducing the incidence of false alarms. This system would reduce the labor-intensive practice of tracking the number of false alarms by alarm user account, determining the amount to invoice and then generating, sending and attempting to collect on the invoice. The number of monthly bills would be reduced since the number of alarm companies is far fewer than the number of alarm users. With this simplified billing system, it is

likely that the alarm administration unit of the Police Division could be either significantly reduced or eliminated.

It is also recommended that alarm companies be required to obtain an annual license and that payment of the false alarm fines be a condition of license renewal.

In addition to having the possible effect of reducing the number of false alarms, billing the alarm companies will result both in a higher recovery rate for false alarms and reduce the City's time and expense associated with false alarm billing.

Recommendation L58: Invoice alarm companies and levy a fine for each false alarm responded to by the Police Division.

Recommendation L59: Establish the rate for false alarm fines based on the actual response cost. This amount should include all overhead and benefits cost of an average patrol officer based on the average time per false alarm response and include an amount for vehicle cost.

Recommendation L60: Require alarm companies to obtain an annual business license.

Recommendation L61: Set a goal to reduce the number of false alarm responses each year until they account for less than 500 hours total response time. The objective is to have alarm companies implement successful false alarm reduction strategies into their business planning. The best outcome for the Police Division would be to not have to respond to any false alarms and not collect any false alarm fines. The most likely way for that to be achieved is for the alarm providers to exercise close control and supervision over their customers, the alarm users.

Gang Issues

Numerous officers interviewed said that gangs were an emerging issue in Lexington. They indicated that they do not yet see gangs controlling whole neighborhoods, but there are signs such as graffiti, occasional fights, and one shooting that are attributed to gang activity. The Police Division has identified 300 members of various gangs such as 22 Boyz, Latin Kings Ambrose, and others. The division has a gang database in the records management system.

Gang related issues are assuming a higher profile in the Lexington criminal environment. Based on our research, we recommend formation of a gang collaborative in the region. The collaborative would include law enforcement agencies in neighboring jurisdictions and the state. It would

also include representatives from corrections, probation, parole, schools and social services.

Santa Clara County, California offers an excellent model for such a collaborative and a phone call to the commander of the San Jose Police Department Gang Investigations Unit would yield valuable information. More details regarding this contact will be provided to the City under separate cover.

Recommendation L62: Task the major in the Bureau of Investigations with contacting the San Jose Police Department Gang Investigations Unit to discuss the structure and function of the Santa Clara County Gang Collaborative.

Recommendation L63: Establish a regional gang collaborative.

Patrol Service Sectors

There is a plan to create a fourth Police Division patrol sector based solely on population growth. The division already serves the entire county with three districts or geographic areas called “sectors.” Adding a fourth sector instead of just adding personnel to existing sectors to accommodate workload growth will increase overhead for sector command staff and debt service for a new facility without creating equal value added in terms of service.

The division estimates that approximately 100 sworn positions will be required to staff a fourth sector. These new positions would include an additional captain, three lieutenants, and 10 sergeants as part of the total sworn staffing complement; other districts all have a staff assistant assigned and one would likely be included if a new sector is formed. No estimate has been identified for the cost of a new facility to house a fourth sector.

There does not seem to be any significant geographic or other barriers to access any portion of the area to be patrolled that would suggest the need for a new sector. As an alternative, adjusting sector boundaries and balancing workloads among the three existing sectors is more cost-effective.

Recommendation L64: Do not create a new fourth patrol service sector. Consider the more conservative alternatives of re-aligning sector boundaries and balancing workloads and staffing, or simply adding more staff to existing sectors in relation to workload.

Training Program for Sergeants and Lieutenants

The department has implemented on-the-job-training for newly promoted sergeants. This is an excellent practice that could be made even better with a few changes.

Command staff should select the six best patrol sergeants in the department (“best” meaning those sergeants who typify the desired behavior and consistently produce desired outcomes) and include them in the process for selection of new sergeants. In addition to the current new sergeant training program, a mentoring program should be developed that has new sergeants spending duty time with each of the six best sergeants as those sergeants do their work. When the new sergeants are placed in their assignments, the six best sergeants each spend duty time with the new sergeants as they carry out their duties; in essence, a field training program for new sergeants.

Probationary periods for new sergeants should be an important aspect of the field training program with the six best sergeants providing comments/recommendations on new sergeant retention. The same type of program should be implemented for selection and training of new lieutenants.

Recommendation L65: Create a structured field training program for new sergeants and lieutenants that parallel the field training program for new police officers.

Traffic Section

The Traffic section carries out traffic control activities throughout the County, focusing enforcement activities on high accident count areas. They do periodic checks for drunken drivers. This section also includes three officers whose primary function is hit-and-run investigation. In addition, one public safety officer in the unit manages the City’s school crossing guard program.

The Traffic section is staffed with 45 FTEs and 63 part-time school crossing guards. Detailed staffing is shown in Table L15 below.

TABLE L15: CURRENT TRAFFIC SECTION STAFFING

Rank/Position	Number of FTEs
Major	1
Captain	1
Sergeants	4
Police Officers	34
Public Safety Officers	4
Crossing Guards (Part-time)	63
Staff Assistant	1
Full Time Total	45
Part-time Total	63
Total	108

The full-time complement includes 1 major, 1 captain, 4 sergeants, 34 police officers, 4 public safety officers, and 1 staff assistant. While the ratio of sergeants to police officers and public safety officers of 1 to 9.5 is just below the maximum, we would suggest it is in the acceptable range of one supervisor for every 6 to 10 staff. However, this section has a one-to-one reporting relationship between the major and captain which is an inefficient use of resources.

Recommendation L66: Eliminate the position of major in the Traffic Section and place the captain in command. Implementing this recommendation will result in savings of \$137,000 per year.

Police Division Position Savings

Total position savings achieved by implementing Recommendation L68 is summarized in Table L16 below.

TABLE L16: POLICE DIVISION POSITION SAVINGS

Position	FY 2008 Cost	Benefit Rate	Total
Major	\$93,160	47.00%	\$136,945
Total	\$93,160	47.00%	\$136,945

Police Division New Positions Recommended

New positions recommended for addition to the Police Division to implement the Recommendation L56 are shown in Table L17 below.

TABLE L17: POLICE DIVISION NEW POSITIONS COST

Position	FY 2008 Cost	Benefit Rate	Total
Budget Analyst	\$46,100	32%	\$60,582
Information Specialist	\$44,000	32%	\$58,080
Administrative Specialist (3)	\$91,200	32%	\$120,384
Computer Analyst (2)	\$104,800	32%	\$138,336
Records Manager	\$75,000	32%	\$99,000
Assistant Records Manager	\$60,000	32%	\$79,200
Technical Manager	\$60,000	32%	\$79,200
Evidence Technician Manager	\$60,000	32%	\$79,200
Evidence Technician (8)	\$344,000	32%	\$454,080
Property Technician	\$43,000	32%	\$56,760
Polygraphist (2)	\$96,000	32%	\$126,720
Administrative Specialist Sr.	\$47,000	32%	\$62,040
Planning & Analysis Manager	\$65,000	32%	\$85,800
Planning Analyst (2)	\$86,000	32%	\$113,520
Total	\$1,222,100	32%	\$1,612,902

Conclusion

By using best practices to set staffing standards for patrol and investigations and by civilianizing those positions which do not require police powers, the City has the opportunity to maintain personnel costs with no negative service impact to residents; indeed, moving 27 sworn personnel back to providing direct service will enhance service levels. Operational improvements such as modernizing recordkeeping will also enhance efficiency for the Police Division.

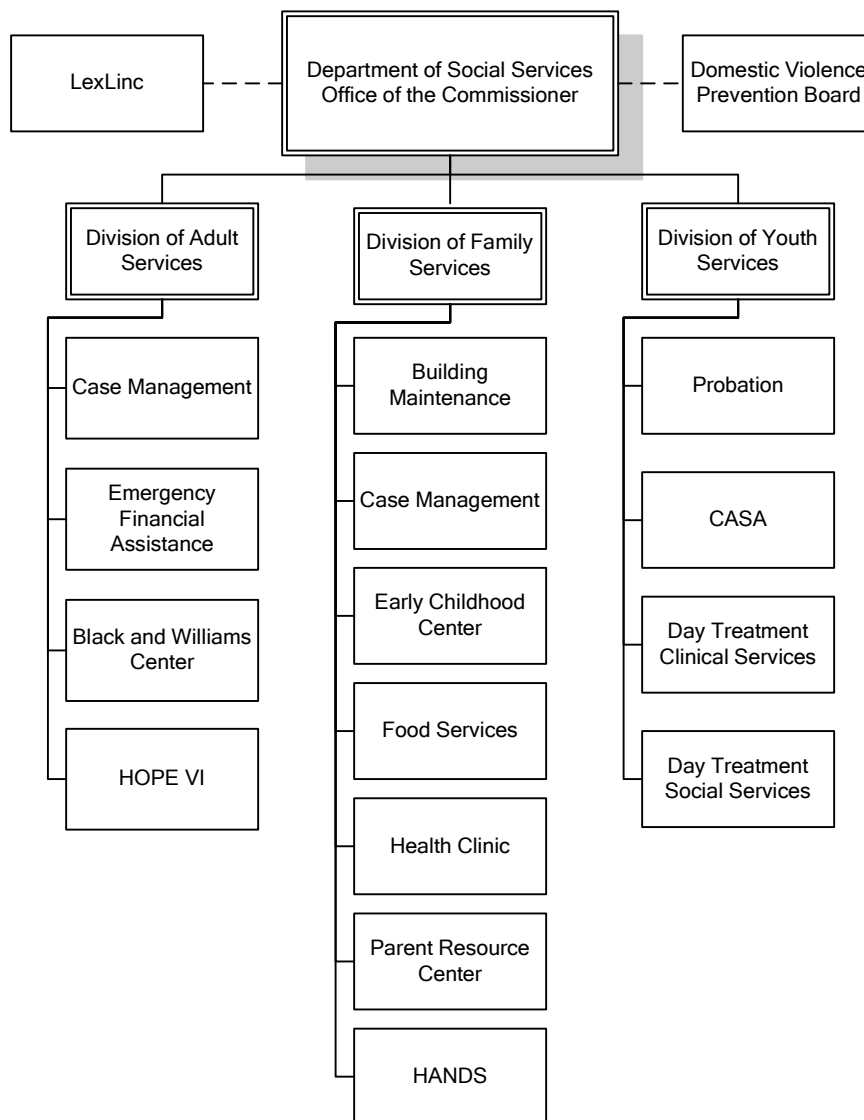
M. DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services provides financial, health, educational, legal, and emotional support to Lexington residents in need. The department is managed by the Commissioner of Social Services who is appointed by the Mayor. At the time of the review, the department had 162 FTEs working in three divisions, in addition to the Office of the Commissioner which houses a number of special programs and services including LexLinc, multi-cultural affairs and aging services. The three divisions are:

- Adult Services
- Family Services
- Youth Services

Figure M1 shows the department's current organizational structure.

FIGURE M1: DEPARTMENT OF SOCIAL SERVICES ORGANIZATIONAL STRUCTURE AND STAFFING



The department has a total FY2008 budget of \$12.7 million, 63% of which is salary and benefits.

In addition to direct social services provided by the Lexington-Fayette Urban County Government, the Office of the Commissioner houses LexLinc and the Domestic Violence Prevention Board. LexLinc is a non-profit organization affiliated with Lexington and the Kentucky Cabinet for Health and Family Services that coordinates social services resources through a network of formal and informal partnerships to help Lexington and Fayette County families become self-reliant. The Domestic Violence Prevention Board is a non-profit organization that provides referral services to victims of domestic violence in an effort to promote safe and healthy individuals and families through the prevention of interpersonal

and family violence. These services are provided with the guidance and support of the Commissioner of Social Services.

Management Partners offers the following recommendations for the Department of Social Services.

Office of the Commissioner

The Office of the Commissioner provides management support to department employees and coordinates a number of special programs and functions including aging services, the Cardinal Valley Center, multi-cultural services, the Domestic Violence Prevention Board and LexLinc. The senior center provides meeting space and special programs for the senior citizen community and houses an adult day care program. The Cardinal Valley Center is another community center that primarily serves the Hispanic community in Lexington. While only limited direct Lexington Fayette Urban County Government services are provided at the Cardinal Valley Center, several specific services including English as a second language and legal aid are provided by non-profit organizations housed in the facility. The multi-cultural affairs coordinator acts as liaison with community organizations and individuals to promote diversity and multi-cultural relations for the government.

The Commissioner's Office is staffed with 13 FTEs and has a budget of \$1.3 million, with 70% of that spent on salaries and benefits.

The following findings and recommendations apply to the Office of the Commissioner.

Services Available to Senior Citizens

It is important to consider demographic trends in the United States and the coming wave of retirements by the baby boomer generation. The 2006 U.S. Census American Community Survey indicates that over 24% of the population in the United States is 55 or over. And during the next 10 years that percentage is expected to increase dramatically. This trend has enormous implications for all government services and will have an acute effect on social service agencies. It will be important for the Department of Social Services to develop proactive programming to address this trend.

Recommendation M1: Develop social services programs that meet the needs of an aging population.

This is an issue that deserves considerable attention in the department's strategic planning efforts. Undoubtedly, the needs assessment that began in the fall will help the department address this issue proactively.

In their report entitled "Partnering to Promote Healthy Aging: Creative Best Practice Community Partnerships," the National Council on Aging

highlights various partnerships implemented by social service agencies to meet the needs of an aging population. Several of those best practices involve the merger of senior centers with community centers which are often operated by park and recreation departments. This enables a community to create a truly multi-generational community center that not only meets the needs of seniors, but youths and adults as well.^[1]

The City of Mason, Ohio provides an example of a best practice community that has created a multi-generational, multi-functional community center. The Mason Community Center was created as a partnership between the City of Mason and the Mason School District and is a multi-functional space that provides recreational and social interaction opportunities. Specific programs are targeted for the senior population and although seniors have designated meeting rooms, they can also take advantage of the myriad other services offered at the center and truly interact with the community. By creating a unified community center, Mason, as well as many other communities throughout the nation, has avoided the tendency to isolate segments of the population based on the services they require.

A perfect opportunity exists to develop such programming in collaboration with other Lexington-Fayette Urban County Government departments. The senior center is scheduled to be rebuilt. Currently there is no centralized center that meets the needs of the entire community.

A centralized community center with all of the functions performed by multiple centers should receive serious consideration. Many cities nationwide have constructed facilities that house parks and recreation, libraries, senior centers, childcare, and a multiplicity of other programs.

Due to the pending reconstruction of the senior center, an opportunity exists for Parks and Recreation and Social Services to partner to provide a more comprehensive family of programs and services to the community. The partnership would share the initial construction costs and foster usage of recreation facilities by seniors as well as inter-generational contacts.

Recommendation M2: Collaborate with the Parks and Recreation Division to develop a facility that can meet the recreation and social interaction needs of the entire community, including youth, adults and senior citizens.

Recommendation M3: Design a building based on the needs of the populations being served.

^[1] "Partnership to Promote Healthy Aging: creative Best Practice Community Partnerships," National Council on Aging, Washington D.C., 2001 p.1

Supervision of the Cardinal Valley Center (CVC)

The Cardinal Valley Center is a neighborhood community center that is intended to bridge cultural gaps and empower people to live independently. The center has evolved over the years to become one of the primary social service conduits for Lexington's Hispanic community. As result, a number of the programs offered in the center, such as ESL classes, are geared toward the needs of that population.

The Lexington-Fayette Urban County Government manages the center and provides financial assistance and referral services. Most of the programs provided in the center are managed by local non-profit organizations.

Three FTEs provide staffing at the Cardinal Valley Center. This includes a center manager and two eligibility counselors who refer residents to various social services and evaluate requests for financial assistance. Currently there is one vacant position at the CVC

Recommendation M4: Fill vacant position at the Cardinal Valley Center.

While the Cardinal Valley Center is managed as part of the Commissioner's Office, the services that the Lexington-Fayette Urban County Government provides at the center, such as eligibility counseling, are similar to the services provided by the Division of Adult Services. Furthermore, the existing delineation between Cardinal Valley Center clients and Division of Adult Services clients is artificial. In fact, interviews with Lexington-Fayette Urban County Government staff indicate that the needs of Cardinal Valley Center clients and Adult Services clients are rather similar. Assigning the management of Cardinal Valley Center to the Adult Services Division will improve the coordination of services across a broader spectrum of the population and enable the Lexington-Fayette Urban County Government to meet the goal of taking a culturally sensitive and holistic approach to service delivery.

Recommendation M5: Reassign supervision of the Cardinal Valley Center to the Adult Services Division.

Multi-Cultural Affairs Coordinator

The Multi-Cultural Affairs Coordinator is responsible for a myriad of duties that are much broader than the department's mission. The position is responsible for helping foreign-born residents, students and visitors live and work in Lexington, acting as liaison with community organizations and individuals involved in multi-cultural issues, as well as compliance with Title VI. One person cannot be expected to shoulder this task alone. The entire organization must take responsibility to assist those individuals seeking work or residing within the community. Exhibiting sensitivity to cultural needs and assisting diverse populations must become an organizational value that is exhibited throughout the organization, not by one individual.

Recommendation M6: Encourage cultural awareness and sensitivity throughout the government and eliminate the position of Multi-Cultural Affairs Coordinator.

Partners for Youth

The Partners for Youth Program is a non-profit organization created by the Lexington-Fayette Urban County Government in 1996. It began as a grassroots program to research the trend of disproportionate minority confinement and support programs that may reverse that trend. The program is responsible for distributing state and federal grant funds and private contributions to community groups for youth programs and managing the Mayor's Youth Council and Truancy Assessment Center.

The Mayor's Youth Council is a venue for Fayette County youth to discuss issues that affect them and their families and to share their findings with the Mayor. The program is intended to foster a sense of community engagement and civic duty in young people and to provide constructive ways to spend time.

The Truancy Assessment Center was specifically created to address the issue of disproportionate minority confinement. Partners for Youth research indicated that the origins of criminal behavior can often be traced to problems during youth and that truancy is sometimes an indicator of those problems. The Truancy Assessment Center is staffed by Partners for Youth personnel who evaluate and refer truancy cases to relevant non-profits. Any individual or organization can refer a case to the Truancy Assessment Center but staff work closely with Fayette County public schools and the Family Court on the issue of truancy.

The Partners for Youth program is staffed with five full-time and three part-time employees, which includes social workers and program coordinators. The executive director and one staff assistant are fully-funded Lexington-Fayette Urban County Government employees operating in the Mayor's Office. The other six positions are grant funded. The executive director and the staff assistant report to the Mayor's chief of staff but the executive director is also responsible to a separate board. The model of partnering and funding 501(c)3 organizations to provide social services is not an unusual model in the Lexington-Fayette Urban County Government. In fact, the LexLinc program and Domestic Violence Prevention Board are social services organizations that report to Office of the Commissioner.

The history of why the Partners for Youth program was organized under the Mayor's Office is not known, but it is obvious that the program provides social services and that a model exists within the Department of Social Services to effectively manage the public/non-profit relationship. Furthermore, reorganizing the Partners for Youth program under the Office of the Commissioner will provide the department with a greater opportunity to take a holistic approach to social service delivery.

Recommendation M7: Relocate the Partners for Youth Program from the Mayor's Office to the Commissioner's Office in the Department of Social Services.

As mentioned above, Partners for Youth, like LexLinc and the Domestic Violence Prevention Board, is a non-profit organization. The government funds the executive directors for these organizations, as well as other full- and part-time positions, and exercises supervisory authority over the executive directors. As such, the executive directors take most of their direction from the government; however, they also take direction from their respective boards. This has the potential to create an untenable situation if the governing board would have different priorities than the government.

The organization of a 501(c)3 as a quasi-governmental organization is rather unusual in a local government. Typically, if a government chooses to support a non-profit agency, they enter into a contract or memorandum of understanding that is tied to specific measurable outcomes. Often a representative of the local government will sit on the board as a funding partner. The executive director would report exclusively to the board.

Although the governance model used in Lexington is unusual, it also appears to be effective. The Partners for Youth Program and the LexLinc program have filled many social service gaps in the community. For example, Partners for Youth has created partnerships with the family court and the Fayette County Schools to fight truancy. One example of LexLinc's effectiveness was their ability to raise funds and leverage in-kind services to renovate the Coleman house. Because of their 501(c)3 status, they are able to raise funds through donations, which increases the breadth of services that the government can provide.

Given the effectiveness of these programs, it is Management Partners view that the governance structure does not require revision at this time.

Organizational Structure

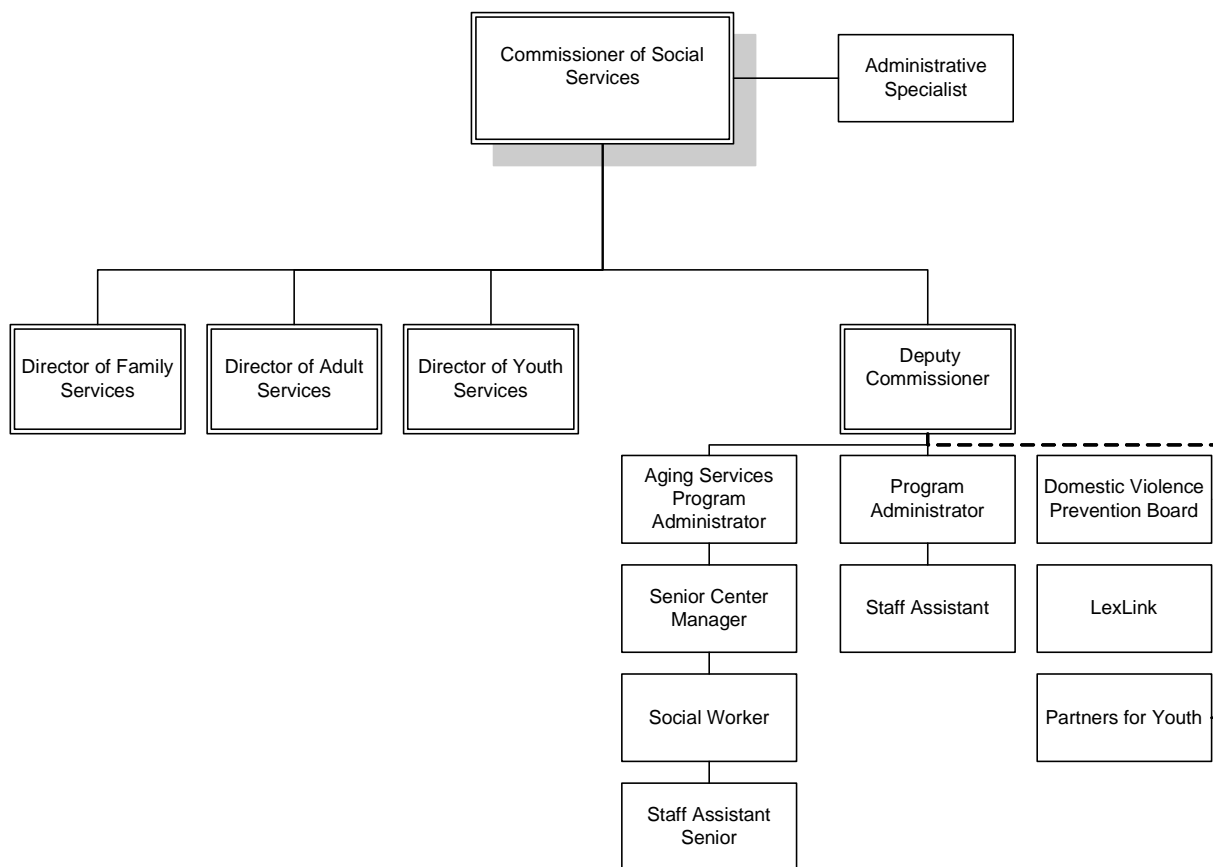
During interviews for this review, concern was repeatedly expressed regarding the number of direct reports to the Commissioner. At the present time, the Commissioner has nine direct reports, none of whom are specifically charged with budgeting, human resources, or administrative support.

Nine direct reports are too many for appropriate levels of supervision and the Office suffers from lack of accountability for support functions.

Recommendation M8: Hire a Deputy Social Services Commissioner to manage Commissioners' Office programs, handle day-to-day budget and personnel related duties, and provide internal support. The Commissioner should be able to spend time being the department's community advocate and be assured that the department's business matters are being handled properly.

The revised organization chart, which reflects the recommended changes to the structure of the Commissioner's Office is listed below in Figure M2.

FIGURE M2: COMMISSIONER'S OFFICE RECOMMENDED CHANGES



Standard Operating Procedures (SOPs)

Social workers document case notes, record information, and submit paperwork to the division head for data entry delegation. According to staff, there are no standard forms for inputting and submitting case information, and each social worker has developed his/her own system. Case history is unavailable in any concise or consolidated format, making it difficult to efficiently and regularly evaluate total program performance and caseload.

Case history information is a critical asset of the department and vital to appropriate client care. The input and storage of case history information needs to be formalized and documented.

Recommendation M9: Develop formal standard operating procedures (SOPs) for documenting case information. These procedures should incorporate the documentation standards defined in Kentucky state law and should be structured in a manner that maintains confidentiality.

Recommendation M10: Incorporate SOPs and documentation requirements into the electronic case management system (discussed in recommendation M12) and require that social workers consistently use the system to enter case information.

Case Management Database

The department is currently accredited, but to maintain its accreditation, the case management database software must be implemented by 2009. Although this project is currently underway, it is not on schedule.

The position responsible for overseeing the accreditation project was eliminated before the current Commissioner began her tenure and a committee is now overseeing the process.

Successful implementation of this software is critical to the department's success and should be a priority for the department.

Recommendation M11: Bring the case management database development process back on schedule to ensure accreditation status is maintained. Establish an implementation schedule with Computer Services.

Recommendation M12: Assign one individual (the Deputy Director of Social Services) to oversee the accreditation process.

A criticism raised by department personnel regarding Social Services is a perceived lack of coordination between the divisions. Each division within Social Services conducts case management in their own separate way without any collaboration or discussion.

There are often families or individuals that utilize services from multiple Social Services divisions. However, there is no electronic system or management system in place to ensure that case managers in various organizational units are coordinating service delivery and avoiding duplication of service.

Furthermore, it is inefficient to track these clients in separate case management systems and is also difficult to treat the “whole person” or family this way. When the case management system is fully operational, it will be important for each case management unit to use the system to track clients and the services they utilize. In instances where clients are receiving services from two or more divisions, case management personnel should meet to discuss the client and agree on a service approach.

Recommendation M13: Utilize the department’s case management system to track clients who use multiple services and coordinate services among relevant case management personnel.

Recommendation M14: Schedule bi-monthly meetings among case management personnel to share information about clients and available resources. This will also be an opportunity to identify community problems, identify resources and discuss strategies for addressing issues.

Proactive Solutions

The department has done a good job of partnering and coordinating services with other agencies and organizations in the Lexington-Fayette County area (especially through LexLinc). The department is engaged in the community-based approach to social service delivery. However, at the start of our work, the programs and services in the Social Services Department had not been recently assessed to determine their effectiveness and relevance.

A needs assessment was undertaken in the fall of 2007. Previously, one program, the Mayor’s Training Center, was eliminated due to lack of necessity. The needs assessment is expected to help the department determine its priorities and direction. A reevaluation of programs and services should be undertaken on a regular basis to ensure the department meets changing user needs and uses its resources efficiently.

Recommendation M15: Formalize a process to periodically evaluate existing programs and services to ensure that they meet the needs of the community.

Recommendation M16: Ensure that each program has specific goals, strategies and a work plan that is linked to the strategic plan, as well as established outcome based performance measures.

Division of Adult Services

The Division of Adult Services provides emergency financial assistance, tenant services and housing counseling to clients. The division also manages the City's Black and Williams Center, a facility that provides free office/meeting space for several community organizations,

The division is staffed by 13 FTEs and has a budget of \$1.3 million, with 68% of that spent on salaries and benefits. The following findings and recommendations apply to the Division of Adult Services.

Financial Management Education

The Division of Adult Services provides short-term financial assistance for payment of rent and/or utilities to prevent eviction and/or utility cut-off. It also provides needs assessments, landlord and tenant mediation and case management and counseling to anyone over the age of 18.

The division focuses most of its efforts and resources on providing these "band-aid" types of financial assistance to clients. According to eligibility counselors who work with clients to evaluate needs and coordinate resources, the proactive educational component of the program should be expanded. According to the counselors, many of the clients are "repeat customers."

Further developing the education component of the financial assistance program will help the Division of Adult Services meet the goal of helping clients to become self-sufficient.

Recommendation M17: Develop a formalized financial management education program and require client participation as a condition of receiving financial assistance. The program should include educational components that teach personal budgeting, money management and educational/vocational development.

Black and Williams Center Tenants

The Black and Williams Center provides free rent and utilities to 12 non-profit groups. However, the lease agreements with these non-profits do not incorporate performance goals as a condition of financial assistance (i.e., free rent and utilities).

The Black and Williams Center is located in one of the less affluent neighborhoods of Lexington. The Center houses the Area Education Center, the West End Community Development Program, Lexington Fayette County Urban League, the National Alliance for the Mentally Ill (NAMI), National Association for the Advancement of Colored People, LEXCARE, Legal Aid of the Bluegrass, Eldercrafters, Community Reinvestment Alliance, and Bluegrass Community Action Agency. The center also has meeting rooms available to non-profits and the general public.

Financial assistance provided to community non-profits should be tied to specific performance metrics. This ensures that taxpayer dollars are being used in a transparent and accountable manner.

Recommendation M18: Develop formal agreements with the non-profit groups housed in the Black and Williams Center that incorporate specific performance goals. The agreements should also specify consequences if the anticipated results are not met.

Black and Williams Center Management

The facilities manager that was previously responsible for managing the Black and Williams Center was transferred to the Senior Center. An eligibility counselor from the financial assistance unit of Adult Services was transferred to manage the Black and Williams Center.

The principle duties of the Black and Williams Center facility manager are to process work orders on behalf of clients, manage building maintenance and supervise two custodial personnel. This is not an effective use of the specialized skills of the eligibility counselor. Furthermore, facilities are best managed by building maintenance personnel.

Recommendation M19: Assign management of the Black and Williams Center facility to the Department of General Services' Building Maintenance Division. As noted earlier in Recommendation H4, all city facilities maintenance and oversight should be centralized.

Recommendation M20: Reassign the current facility manager as a full-time eligibility counselor in the Division of Adult Services. This reassignment will better position the Adult Services Division to expand the educational component of Adult Services referenced in Recommendation M18.

Mental Health Issues

An increasing number of clients served by the Division of Adult Services have mental health disabilities or co-occurring disorders (mental health and substance abuse problems). Adult Services staff do not feel they have the resources or expertise to deal with this population effectively.

The preliminary results of the Social Services needs assessment reveal that:

Currently in the Fayette County Jail there are 42 in the Mental Health Unit and over 130 in the general population currently taking psychotropic medication for mental health issues. There are, on average, 20 mental health status evaluations requested a month in the jail. The cost of mental health services in the Lexington Area is \$70-\$100/hour. With a poverty rate in Lexington of 17%, this is often

a cost-prohibitive service, with 16.2% having no health insurance of any kind (Bluegrass Area Development District, 2002). In Kentucky, the Department for Public Health reports 15% of the entire Commonwealth requires mental health services.

The preliminary needs assessment also states:

Currently in Lexington, Emergency Mental Health needs are addressed either through emergency room visits and ultimate hospitalization, a legal (arrest or judicial approach) or hospitalization at a local mental health inpatient facility. Often mental health issues become criminal issues before they are recognized.

The case workers in Adult Services indicate that many of the clients they serve have significant mental health issues. However, while social workers make considerable efforts to direct clients to mental health services, the availability of services is limited.

Recommendation M21: Develop partnerships to take a multi-faceted approach to dealing with clients with mental health issues. Partnerships are likely to include community non-profit organizations such as Comprehensive Care and the National Association for the Mentally Ill (NAMI) as well as law enforcement and corrections. It will be important to involve law enforcement and corrections so that offenders with mental health issues can be adequately assessed and diverted from the criminal justice system to treatment.

Landlord/Tenant Issues

The Division of Adult Services provides landlord/tenant conflict mediation services and works with other City departments and divisions to relocate tenants in the event of condemnation or eviction. Staff represent both landlords and tenants equally and try to resolve problems between parties in an amicable way, respecting both landlord and tenant rights.

While educational brochures have been developed, proactive education concerning landlord and tenant rights is limited. Preventative educational programs should be developed to prevent repeat conflicts and help clients develop self-sufficiency.

Recommendation M22: Develop additional educational programs that will help to educate both tenants and landlords concerning their respective rights and responsibilities.

Conflict Resolution Training

The nature of Adult Services' clients and programs require that the services be available to walk-in clients on an "emergency basis." Often,

clerical staff members are required to deal with individuals who are highly distressed and/or mentally ill.

Currently, only social workers are trained in conflict resolution. The clerical and receptionist staff in Adult Services is often required to deal with emotionally charged clients and should receive training on conflict resolution in a social services environment.

If the division is going to continue to take walk-in clients, it is important to ensure that clerical and administrative staff members are equipped to effectively deal with emotionally charged clients.

Recommendation M23: Train Adult Services clerical and administrative staff members in conflict resolution techniques to help them more confidently and effectively meet the challenges of the service environment.

Transportation Accessibility

In October 2007, the Adult Services Division moved to the previous site of the Mayor's Training Center. This is on the periphery of the downtown and difficult for the majority of clients, who are without cars, to reach.

One of the principle evaluation standards for adult services, as defined by the Council in Accreditation, is *accessibility*. While the division has already moved to the new facility, it is important to ensure that clients have adequate transportation to the new site.

Recommendation M24: Provide funding for clients who require transportation to enable them to access Adult Services programs.

Division of Family Services

The Division of Family Services operates the City's Family Care Center, providing educational programs, child care, and health services to help families become self-sufficient. The division also manages the Home Network/HANDS program to visit first-time parents in their home and provides parenting skill development. Case managers in the division support families in need of monitoring, helping them to access and use available resources.

The division is staffed by 90.5 FTEs and has a budget of \$5.5 million, with 66% of that spent on salaries and benefits.

The following findings and recommendations apply to the Division of Family Services.

Delineate Roles of Deputy and Division Directors

The Division of Family Services is managed by a director and a deputy director. The deputy director was hired with the express purpose of becoming the chief operating officer so that the director could focus on community relations.

A review of the current organizational chart and interviews with division staff show that existing reporting relationships and the organizational structure of the Division of Family Services do not reflect the intent to use the deputy director as the chief operating officer and that reporting relationships between program managers, the deputy director and the division director are unclear and inconsistent. Some program managers report directly to the director and some report to the deputy director of family services and direction is often provided by both the deputy and the director.

Recommendation M25: Clarify role definition in the duties of the Family Services deputy director and the division director. The direct supervisory structure should match the intended organizational structure whereby the program managers report directly to the deputy division director, who serves as the chief operating officer.

Recommendation M26: Educate program managers about the revised reporting relationships and reinforce the fact that the deputy division director will serve as the chief operating officer.

Family Care Center Health Clinic

The Health Clinic is a valuable resource to the Family Care Center, enabling the center to serve as a true one-stop shop where clients receive educational, child care, and medical/dental services. The Health Clinic was originally conceived to provide basic medical services to the clients of the Family Care Center. However, the clinic has expanded to become a full service medical facility, growing in size since its initial conception to a staff of 17 Lexington-Fayette Urban County Government employees as well as contract physicians, dentists, mental health professionals and nurse practitioners. The clinic provides comprehensive services that meet the health care needs of a significant portion of the Lexington/Fayette County population, however, the complexity of services offered may warrant specialized management.

The range of services now provided by the clinic are comparable to those provided by the Fayette County Health Department. In fact, the Health Department, as a much larger and specialized operation, would be better equipped to more efficiently handle the specific administrative requirements as well as the liability associated with providing medical services.

Furthermore, this is an opportunity to continue to improve the services offered through the health clinic by both creating a partnership with the health department and further developing existing partnerships with the University of Kentucky Medical School.

The City should examine the opportunity to partner with the Health Department and explore alternatives to ensure continuous, cost-effective improvement of services.

Recommendation M27: Examine the feasibility of partnering with the Fayette County Health Department to manage health clinic operations. The Health Department, as a specialized organization with expertise in health care administration, may be able to provide services more efficiently without sacrificing quality of care.

Transportation Services

The City's Early Child Care Program has two components: the Fayette County public school Early Start and a day care program for preschool children. Under the STARS for KIDS NOW, Kentucky's voluntary quality rating system for licensed Type I and Type II child care centers, the Family Care Center received a four-star rating, which is the highest rating possible. To achieve this rating, the child care program must meet specific benchmarks relating to group size, staff/child ratios, parent involvement, curricula, training/education of staff, regulatory compliance, and personnel practices.

Two Early Start teachers are funded through the public schools. An additional 34 staff are City employees. Child care workers are also required to drive buses and vans to transport children. It is difficult to recruit for the combination of skills required for a child care worker/bus driver position. There is also a need for transportation services at the Division of Youth Services Day Treatment Center, which is located on the premises of the Family Care Center.

Recommendation M28: Contract for transportation services for clients of the Family Care Center.

Division of Youth Services

The Division of Youth Services provides an array of services to at-risk Lexington youth. The division provides probation services, including conducting investigations and making reports as ordered by the Fayette County District Court, monitoring and supervising youth on probation, and providing a home detention program and education programs for youth being served. Division social workers provide case management for juveniles with active Family Court cases and make home and school visits. The division runs the Coleman House, which provides substance abuse treatment and mental health services to youth ages 11 to 17.

The division also operates a Day Treatment Center, offering community-based treatment to youth ages 12 to 18 and specializing in educating those youth demonstrating difficulty functioning in their home setting. The division operates the Gainesway Community Empowerment Center which serves to coordinate numerous programs and services in response to individual family needs, including case management, after school programs ("Homework Huddle"), parent/community meetings, a medical van from Saint Joseph Hospital, and food programs for senior citizens.

Finally, the division operates the Court Appointed Special Advocates (CASA) to speak for children who, through court action, have been deemed abused and/or neglected.

The division is staffed by 41.5 FTEs and has a budget of \$3.2 million, with 80% of that spent on salaries and benefits.

The following findings and recommendations apply to the Division of Youth Services.

Day Treatment Center

Prior to merger of the City of Lexington and Fayette County, the Fayette County Fiscal Court established the Day Treatment Center to provide community-based treatment and educational programming to at-risk youth while allowing them to remain in their homes. Over time, the Day Treatment Center developed into a partnership program whereby the Fayette County Public Schools, the Department of Juvenile Justice (DJJ), and the City provide a combination of educational and counseling services to at-risk youth.

Since the inception of the program, dozens of additional day treatment programs have been developed throughout the state. And of the 25 programs that partner with DJJ, 20 are operated by school districts, 5 are operated by the State, and 1, the Lexington Day Treatment Center, is operated by a local government.

Furthermore, despite the fact that the center is essentially a specialized educational facility, it is principally funded by the urban county government. The Fayette County Schools contributes an estimated \$425,000 per year to fund 7 teachers and 5 teacher's aids; however, that funding is provided by the Commonwealth of Kentucky based on funding formulas linked to school attendance. The DJJ, which administers Medicaid billing for the program in an amount exceeding \$300,000 per year, reimburses the Day Treatment center approximately \$175,000 per year, keeping over half of all Medicaid collections. The City of Lexington contributes and estimated \$400,000 to \$600,000 per year to operate the facility and pays debt service on the \$5.3 million center.

While there is no documented explanation regarding why the Fiscal Court established the program as opposed to the Fayette County schools, the fact that the program was initially established by the Fiscal Court explains

how the urban county government came to manage the program after the merger. However, it is clear that the center is, for all intents and purposes, an educational facility. The Lexington Day Treatment Center is the only program of its kind operated by a local government in Kentucky. Furthermore, the program is similar in many ways to the alternative school programs available for at-risk or disruptive youth operated by almost every school district in Kentucky, including Fayette County Public Schools. There is an existing school district in Fayette County with a public mandate, as well as the specialized expertise, to operate educational facilities. Furthermore, best practice in both the Commonwealth of Kentucky and the United States is for educational facilities to be operated by school districts.

Recommendation M29: Explore the feasibility of transferring operational responsibility for the Day Treatment Center to the Fayette County Public School District.

Juvenile Probation Responsibilities

Juvenile Probation and Court Services conducts investigations and prepares pre-dispositional reports as ordered by the Fayette County District Court. Services include monitoring and supervising youth placed on probation by the Court, development and implementation of individualized treatment plans, drug screening, curfew monitoring and referral to community resources based on youth or family needs.

Probation services are a fundamental component of the criminal justice system and are not a typical responsibility of local governments, except as a component of a city or county operated corrections center. It is not a best practice for juvenile probation services to be provided by a municipal social services department. In fact, Management Partners was hard pressed to find other examples of this service delivery model. In Kentucky there is a specific agency, the Department of Juvenile Justice (DJJ), which is responsible for prevention programs for at-risk youth, court intake, pre-trial detention, residential placement/treatment services, probation, and community aftercare/reintegration programs.

The urban county government Division of Youth Services is the only local government agency in Kentucky that provides juvenile probation services in place of the DJJ. Furthermore, Youth Services provides probation services while the DJJ continues to manage the juvenile criminal justice process. This creates a discontinuity of services, convoluting the treatment process by disconnecting service providers from both the youth and each other. In addition, the urban county government diverts a significant amount of probation workload from the Department of Juvenile Justice, yet receives limited reimbursement for these services, while spending over \$500,000 per year providing juvenile probation services

The Department of Juvenile Justice is better equipped to manage the Juvenile probation process in Fayette County and, in fact, has a mandate to manage the juvenile criminal justice process. As such, juvenile probation responsibilities should be transferred to the DJJ.

Recommendation M30: Exclude district court juvenile probation from the responsibilities of the Department of Social Services.

Family Court Case Management

Until mid-2007, staff from the Youth and Family Services Program provided social work services to youth and families through the Fayette County Family Court.

In mid-2007, the Chief Judge of the Fayette County Family Court issued a white paper criticizing the Youth and Family Services Division, citing a record of poor performance during the previous years. Subsequently, the Chief Judge excluded Youth and Family Services program workers from the Truancy Court and stopped assigning them truancy cases, which comprised an estimated 40% of workload.

The Chief Judge also stopped referring children with substance abuse issues to the Coleman House because it is managed by the same group of social workers. The judge has since worked with a number of community partners, including Partners for Youth, as well as the Department of Juvenile Justice and the Fayette County Public Schools to manage truancy cases.

The Fayette County public school system is staffed with social workers who are specifically tasked with monitoring truancy. The monitoring and intervention of truancy cases is a public mandate to the school district. Furthermore, community resources currently exist to adequately provide family court case management services without the involvement of the Department of Social Services, as the last six months has shown.

Recommendation M31: Exclude truancy related family court duties from the responsibilities of the Department of Social Services.

Youth Development Programs

The Day Treatment Center provides services to troubled or at-risk youth, many of whom were referred through the court system. The Probation and the Youth and Family Services programs provide services to youth who have entered the court systems, as well as youth with substance abuse problems. As a result, the Division of Youth Services is structured to react to problems rather than prevent them and does not offer proactive programming meant to develop positive attributes in Fayette County youth.

While the Division of Youth Services does not have a robust set of “positive” youth development programs, the Family Care Center operates a number proactive youth development programs, both in the child care program and the parent resource program.

A 1998 study completed by the Social Development Research Group of the University of Washington entitled “Positive Youth Development in the United States: Research Findings on Evaluations of Positive Youth Development Programs,” suggests that positive youth development programs are better equipped than reactive programs to result in positive changes in youth behavior, such as interpersonal skills, quality of peer and adult relationships, self-control, problem solving, cognitive competencies, self-efficacy, commitment to schooling, and academic achievement. Furthermore, successful youth development programs are more likely to prevent problem behaviors such as drug and alcohol use, school misbehavior, aggressive behavior, violence, truancy, high risk sexual behavior, and smoking.¹

Recommendation M32: Provide proactive and positive youth development programs that meet the needs of the community and serve to prevent problem behaviors. The Social Services needs assessment should be used to identify specific program components.

Opportunities exist for the Department of Social Services to continue the community-based approach to service delivery by partnering with other government departments and agencies as well as non-profit organizations to provide positive, preventative youth programs. A few best practice examples are provided below:

- Boston, Massachusetts implemented a pilot program that partners youth with older adults. To instill a sense of personal responsibility, youth and their mentors plan and conduct community service activities. Adult mentoring is cited as a best-practice program that has achieved quantifiable results across the county by increasing high school graduation rates and reducing the incidence of harmful behaviors such as smoking or drinking²
- The Indianapolis, Indiana Department of Parks and Recreation partners has a School Outreach Program that develops partnerships with local social service agencies and school districts. The department offers programs that are developmental in nature, focusing on seven “core” areas of development including: academic assistance and achievement, prevention

¹ Positive Youth Development in the United States: Research Findings on Evaluations of Positive Youth Development Programs by Richard F. Catalano, Ph.D., M. Lisa Berglund, Ph.D., Jeanne A.M. Ryan, M.S.C.I.S., Heather S. Lonczak, M.A., J. David Hawkins, Ph.D. [Social Development Research Group, University of Washington](#); School of Social Work; November 13, 1998

² SAMHSA Model Programs, United States Department of Health and Human Services: Substance Abuse and Mental Health Services Administration, <http://www.modelprograms.samhsa.gov/pdfs/model/AcrossAges.pdf>.

strategies and education, leisure education and activities, recreation participation, character education, environmental education and community collaboration.

- The Pico Rivera, California Recreation and Community Services Department partners with the El Rancho Unified School District, the Los Angeles County Sheriff's Department, the Southern California Gas Company, Rio Hondo Community College, Intercommunity Child Guidance Center, SASSFA and the Los Angeles County Public Library to offer the REACH program. The REACH program provides free after-school programming for children in grades 1 through 8.
- The Menlo Park, California Community Services Department, which is a merged department, provides both park and recreation as well as social services. They provide life-long learning opportunities, after-school programming, day-care and summer camp activities to promote positive youth development.

Conclusion

Over the years, service providers have individually adapted to meet the needs of their particular clients. This has produced programs and divisions that operate independently of each other, each with its own goals. In many instances, divisions are serving the same clients. As such, it behooves the organization to coordinate efforts and pool resources. This is a fact that is recognized by many of the department's staff as well as the Commissioner, as evident in the recent initiative to complete a needs assessment to serve as the basis for a departmental strategic plan.

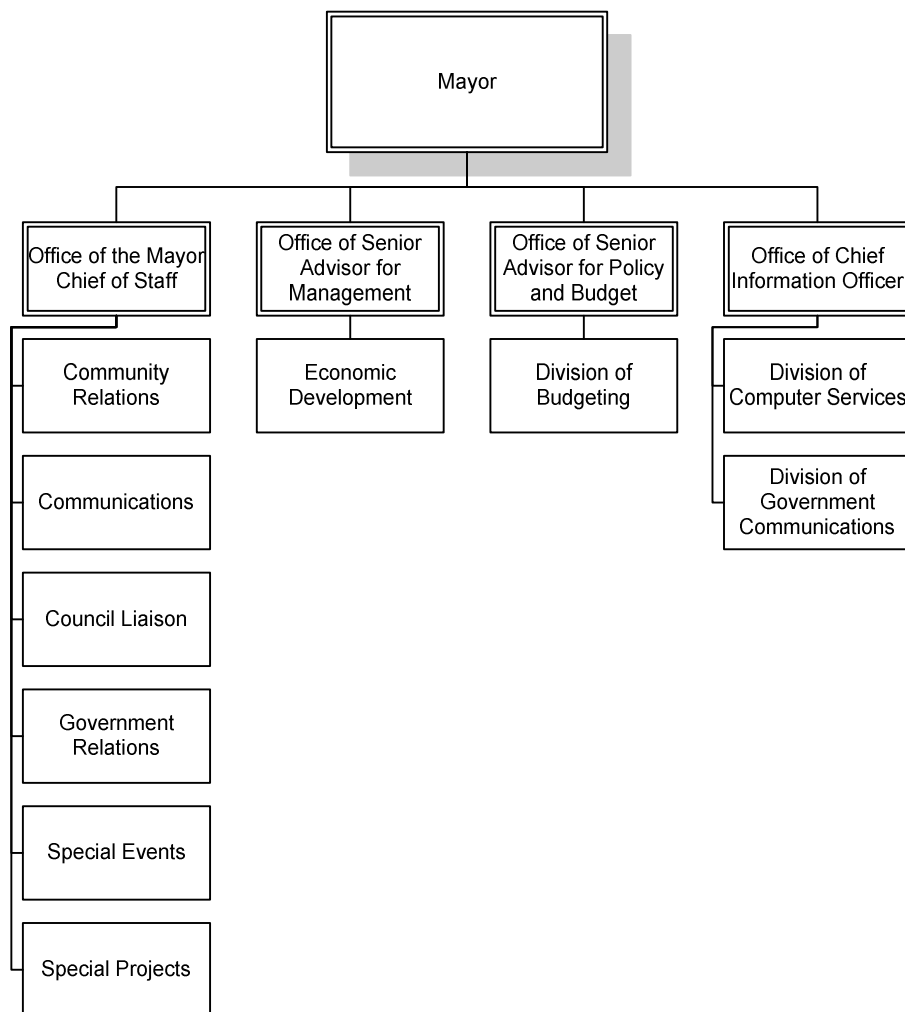
The recommendations contained in this report are intended to meet these goals by helping the Department of Social Services identify opportunities for improvement in existing operations and helping identify ways to take more a proactive and integrated approach to prevent rather than just treat problems in the community.

N. MAYOR AND ADVISORS

The Office of the Mayor provides executive oversight to the City government. In addition to the seven Department Commissioners who report directly to the Mayor, the Office of the Mayor and the Senior Advisors provide executive oversight to the city government. The Office of the Mayor includes personnel who advise the Mayor and also manage various projects under the direction of the Mayor. These positions include the chief of staff and director of community relations, communications, council liaison, special projects, director of government relations, and director of special events. Economic Development is included in the Office of Senior Advisor for Management.

Figure N1 below shows the department's current organizational structure.

FIGURE N1: OFFICE OF THE MAYOR ORGANIZATIONAL STRUCTURE



The Office of the Mayor and the Senior Advisor for Management have a combined budget of \$2,645,930, 78% of which is salary and benefits.

Management Partners offers the following recommendations for the Office of the Mayor.

One of the most important responsibilities of the Mayor is to manage the policy and administrative processes of the government. This requires a great deal of coordination, discussion, and consensus among staff, commissioners, legal advisors and, most importantly, the other elected officials. This process of developing and formalizing policy and administrative procedures is managed through the Council agenda process which is referred to as the “blue sheet process.” Essentially, the blue sheet process is what commissioners and the Mayor use to vet policy issues, develop ordinances and regulations, and submit those ordinances and regulations to the governing body for a vote.

Given the importance of the agenda process to the effective operation of the government, Management Partners interviewed relevant government staff to map the blue sheet process in an effort to identify process bottlenecks and opportunities for improvement. The blue sheet process map is included in Attachment N-1.

Before submitting a request for council action, each department must complete varying amounts of research and prepare the materials required for council action, such as an ordinance or resolution. It is common for multiple managers within a given department to complete this legwork depending on the particulars of an issue. However, regardless of who prepares the materials for council action, it is important for commissioners and senior executive staff to review blue sheet materials before they are forwarded to the Mayor and Council for consideration. Currently, there are no standard operating procedures concerning the departmental review process relevant to requests for council action. As such, the quality of council actions and accompanying documentation submitted through the blue sheet process varies. This inconsistency creates bottlenecks in the process and forces the unnecessary deferment of Council consideration.

Recommendation N1: Create a standardized departmental review process for items to be submitted through the blue sheet process to ensure consistent and high quality submittals. This process should include review by subject matter experts within a given department as well as the law department, and should be reviewed lastly by the relevant commissioner.

Recommendation N2: Adopt standards for the blue sheet submittal package.

Currently, documents submitted through the blue sheet process follow a discrete though complicated path that includes several stops in the Law Department, budgeting, purchasing, the Mayor's Office and the Council Office. In fact, as demonstrated in the blue sheet process map, a blue sheet request for Council action makes no less than eight inter-departmental trips. Given the transient nature of the blue sheet process, it is often difficult to identify where a given document is in the process at a given moment. This difficulty is exacerbated by the fact that the process is managed using paper routing sheets. While effective, the paper based routing tracking system currently employed is inefficient, requiring the physical collection and distribution of blue sheet documents.

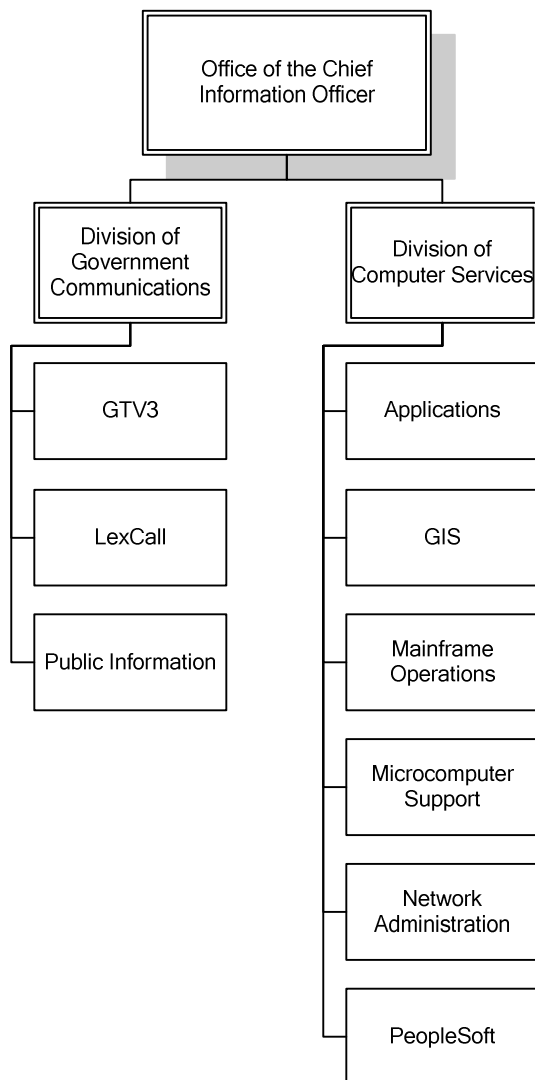
Recommendation N3: Implement an electronic blue sheet process routing system. The system should include tools for the electronic distribution and retrieval of information as well real time document tracking tools.

The Office of the Senior Advisor for Management was created in June 2007 as a result of the Mayor's reorganization initiative. The divisions that reported to the CAO position, such as Risk Management and Human Resources, were reorganized under various departments including the Department of Finance and Administration, the Department of Law, the Department of Public Works and Development, and the new Office of the Chief Information Officer. In addition to advising the Mayor on management issues, the senior advisor for management was tasked with responsibility for overseeing all economic development related activities including infill and redevelopment. The senior advisor is also tasked with managing or providing support for projects that either cross departmental lines or fall outside of the established departmental structure. The senior advisor serves as a liaison between the Mayor's office, outside partner agencies, the higher education community and other organizations as appropriate.

Office of the Chief Information Officer

The Office of the Chief Information Officer was created to provide executive oversight to the functions of government communications and computer services. Figure N2 shows the office's organization structure.

FIGURE N2: OFFICE OF THE CHIEF INFORMATION OFFICER ORGANIZATION STRUCTURE AND STAFFING



The following findings and recommendations apply to the Office of the Chief Information Officer.

Division of Government Communications

The Division of Government Communications provides public education and outreach on behalf of the City and is managed by the director of communications. The division is divided into three functional units including public information, GTV3, and LexCall. Public information officers (PIOs) draft newsletters and press releases on behalf of all City departments. GTV3 produces public television programs for the public on behalf of City departments.

The following findings and recommendations apply to the Division of Government Communications.

Coordination of PIOs

The City has PIOs in several locations throughout the organization, including the Division of Communications, Mayor's Office, and the divisions of Parks and Recreation, Police, Fire, and Corrections. The PIOs in the Division of Communications serve as a resource for all Lexington departments and divisions, drafting press releases and coordinating with departments to develop stories for employee and public newsletters. The Mayor's Director of Communications is responsible for coordinating and dispersing the Mayor's message. The PIOs in each of the public safety divisions are operations or administrative personnel who draft emergency press releases and serve as press contacts at incident scenes. The two PIOs in the Division of Parks and Recreation are principally responsible for drafting press releases for the purposes of marketing division programming.

To generate a consistent message, it is necessary to coordinate the public education and information activities of all departments. Currently, the marketing/PIO function of the Division of Parks and Recreation operates, for all intents and purposes, independently of the Division of Government Communications. For example, Parks and Recreation often issues press releases and promotional materials that have not been vetted with the Division of Government Communications and therefore may not conform to pre-determined formatting and graphics standards. This is partly due to the perception by Parks and Recreation staff that it is necessary to independently market programs to attract Lexington residents.

While it is important for the Division of Parks and Recreation to market its programs, it is equally important for the entire government of Lexington to market its programs and services and to make clear that Parks and Recreation is one of a group of services provided by the government rather than an independent entity.

Recommendation N4: Reassign the two public information officers (PIOs), as well as the two graphic design employees, that are currently in Parks and Recreation to the Division of Government Communications.

The nature of the public safety business requires police, fire, or corrections personnel to interact with the press during emergency situations as a means to keep residents informed. The need to be responsive with information during emergencies requires that public safety related divisions maintain public information officers. However, in order to ensure that a consistent message is being projected to the public and to ensure that the government's press contacts are informed about

issues and events in the City, it is important to coordinate the work of all City PIOs. Currently, there are no regularly scheduled information sharing meetings between departmental PIOs, the Division of Government Communications and the Mayor's Communication Director.

The role of the public information officer is to serve as press contacts for their designated departments and to draft and review press releases. Each City department is represented by one of the three PIOs in the Division of Government Communications.

PIOs meet with their departmental contacts once per year and hold periodic telephone conversations to discuss newsletter content. In general, however, the PIOs only respond to specific requests to review or draft press releases. This level of interaction is insufficient to plan future workload and identify issues that may require PIO assistance.

Recommendation N5: Establish a structured process for regular communication among PIOs from the Division of Government Communications, the Mayor's Office, and the Divisions of Police, Fire, and Corrections. These meetings will serve to provide a venue for information sharing, coordinating public messages, anticipating workload and sharing expertise and contacts. A representative from LexCall 311 should also attend.

Website Content

The City's website content is managed by the Division of Government Communications. This is not unusual to ensure that the website's message is consistent and appropriate across all departments and divisions.

One of the key values of internet websites to the public is real-time, updated information flow. However, Government Communications does not have content management software. This software allows divisions and departments to update websites themselves, which increases the timeliness of informational updates. The result is that website content updates must be sent to PIOs in writing (hard copy or via email) and can take up to a week to actually appear on the website.

Recommendation N6: Implement web content management software. This software will allow departments to update their websites independently and will alert PIOs to review those updates before approving them for activation on the public website. This will improve timeliness and ease of updating the City's website.

Customer Relationship Module (CRM)

In order to provide easy access to City services, the City provides LexCall, a centralized customer service number, for Lexington/Fayette County residents and visitors to use to report problems or issues. LexCall staff take the calls, enter the call information into the LexCall database, and forward the calls to the appropriate department or division representative. The department/division then works to resolve the problem and provides periodic updates into LexCall self-service.

However, the LexCall tracking database is a Microsoft Access database that does not effectively track the information needed by each department. As a result, divisions such as code enforcement, building, and others have been compelled to maintain separate customer service tracking databases and perform redundant data entry. This adds unnecessary steps to the customer service process and results in inefficient use of staff resources.

The Building Inspection Division in the Public Works Department is currently evaluating development review software for purchase and implementation. This offers an opportunity to address both needs in a single package. A property-based CRM software system will allow LexCall to track necessary customer service information while enabling divisions such as Building, Code Enforcement, and Fire to track data at the level of detail required for code-related issues.

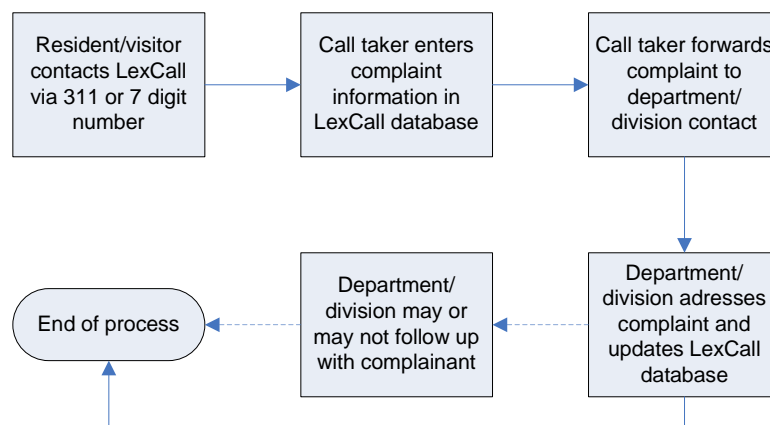
Recommendation N7: Incorporate a property-based customer relationship management module into the specifications of the development review system being evaluated for implementation in the Building Inspection Division. The CRM should have the capability to interface with all City departments and divisions and should provide mechanisms for tracking customer service performance data such as complaint response times. See Planning Recommendation J38.

LexCall Call Lists

During focus groups for this project, participants indicated that LexCall call takers are sometimes uninformed as to what each department and division in the City does. As a result, complaints and inquiries are often forwarded to the wrong department.

To corroborate these comments, Management Partners staff visited the LexCall center and observed operations to identify potential issues. Figure N3 shows the LexCall process.

FIGURE N3: LEXCALL PROCESS



During this observation period, Management Partners staff listened in on customer service calls and observed the specific procedures for answering and forwarding calls. As calls come in, LexCall staff evaluate the nature of the call, enter complaint information into the database, and consult a paper contact list to identify to which department the call should be forwarded. Call takers then forward the call and move on to the next call. This is partly a product of call volume and partly a product of the information that LexCall staff use as the basis for responding to questions and forwarding calls.

Recommendation N8: Update departmental LexCall contact lists and establish a schedule for updating these lists on a regular basis. The LexCall contact lists should be regularly routed to departments for updates and changes so that they remain current and, as a consequence, call takers can provide the best customer service by properly directing inquiries and complaints.

Recommendation N9: Develop lists of frequently asked questions (FAQs) and common issues for each department and division.

Recommendation N10: Incorporate frequently asked questions (FAQs) and common issues into the recommended CRM software. (See Recommendation N6)

Follow-up for Customer Complaints

A fundamental component of best practice 311 call centers is to close the loop with callers to ensure resolution of the concern. LexCall functions to pass concerns along, but has no “ownership” of the complaint itself. LexCall call takers never know if a complaint is resolved. LexCall staff should ensure the communication loop is closed with callers. Excellent customer service is to follow-up with those who complain to the City and provide an update as to the status of their complaint. While the City

provides LexCall as a single number by which to contact the government, make inquiries and register complaints, a follow-up mechanism with complainants is lacking. There is no procedure in place to follow-up with complainants through LexCall; rather, providing updates to the complainant is left to the discretion of the responding department.

Recommendation N11: Require LexCall staff to close out complaints in the LexCall system. This will strengthen the feedback loop and ultimately the quality of the response time data produced by the LexCall system.

Division of Computer Services

The Division of Computer Services provides technology support for the City and has the following primary responsibilities:

- General departmental management and administration
- Purchasing
- Project management
- Budget development
- Policy development
- Disaster planning
- Coordination with line department IT functions
- Network security

The division is comprised of four functional work units including Computer Services Administration, Information Technology, Applications/GIS, and Computer Services. The division is staffed by 47.5 FTEs and has a budget of \$4.5 million, with 67% spent on salaries and benefits.

Computer Services Administration is comprised of 5.5 FTEs and is responsible for management and administration of division activities.

Information Technology, with a staff of 12 FTEs, is responsible for network administration and microcomputer support. It operates the help desk, provides personal computer hardware and software support, printer support, and administers general network services such as file and print sharing and e-mail.

Applications/GIS are responsible for developing and supporting mainframe business applications such as the tax system, payroll, citation tracking, and more. It is also responsible for the GIS map maintenance and management of web-based GIS applications, developing and supporting PeopleSoft applications, and database administration for the STARS system. Applications/GIS have 19 FTEs and a budget of \$888,130.

Computer Services is responsible for mainframe operations, maintaining and supporting the timekeeping system, and backup and recovery of mainframe applications and data. Computer Services has a staff of 11 FTEs and budget of \$976,510.

The following findings and recommendations apply to the Division of Computer Services.

IT Strategic Plan

Lexington-Fayette Urban County Government operates many different computer systems in the central Computer Services department and line departments. At least six computer hardware classes and operating systems were in production use at the time of Management Partners interviews, as outlined in Table N1 below:

TABLE N1: COMPUTER HARDWARE AND OPERATING SYSTEM IN USE

Hardware	Operating System
IBM mainframe	Z-OS
IBM Unix minicomputers	AIX
IBM proprietary minicomputers	i5 or OS/400
Intel PC Servers	Novell Netware
Intel PC Servers	Windows Server 2003
Intel PC Servers and IBM mainframe (virtual server)	Linux

The Novell Netware operating system is in the process of being phased out in favor of Windows Server systems. However, best practices are for organizations to operate a minimal number of different information systems in order to maximize their use by different organizational units in order to control costs, reduce the labor required to maintain the systems, and support maximum use of the information contained within the systems.

The City adopted the IBM mainframe to serve as the centralized data management system for the entire organization. Until fairly recently, most of the government's primary business applications were developed and maintained on an IBM mainframe computer. Historically, mainframe applications were a highly reliable and often cost-effective solution for hosting general business systems. However, while the IT market in general has grown dramatically in most areas, mainframe systems sales have remained stagnant or even been reduced over the past 20+ years due to the rise of smaller systems that offer acceptable levels of service at a lower cost.

A particular challenge with mainframe systems is the continuing reduction of the labor pool with mainframe skills. Staff reports that IBM is attempting to respond to the problem by sponsoring education programs for regional colleges and universities, but it remains to be seen how effective that effort will be. In the meantime, employees with mainframe skills are retiring in large numbers and young IT professionals are more interested in other computer systems. The net result is that it will become increasingly difficult to attract and maintain talented professionals to maintain mainframe systems.

In the 1980s the first transition away from mainframe centralization of information resources was toward the use of mini-computers which could provide less expensive custom business services for smaller business units. At that time, public safety departments commonly acquired their own systems which supported dispatch operations and general records management. The proprietary minicomputers at Lexington are in the public safety departments, although each public safety department uses its own application set operated on its own computers.

The second major movement away from mainframe and even mini-computer systems was toward the use of personal computer (PC) systems starting in the early 1990s. As the PC market grew, technologies from the minicomputer and mainframe world were added to PC systems making them viable for purposes formerly performed by minicomputers and mainframes. The cost of PCs is a fraction of the cost of mainframes and even minicomputers; however they usually make up for lower purchase prices by requiring more computers to accomplish the modern IT mission. Lexington, like most organizations, accumulated systems at each step of this evolution and currently has systems at each level in its inventory.

Even following the STARS project, the government operates a large number of business applications on the mainframe. Many of those cannot be replaced by PeopleSoft modules because those modules with the necessary functionality do not exist. It will take a concerted effort over many years to replace those applications with commercial applications or to convert the computer code to newer computer systems.

The computer systems in the Police and Fire Departments provide disaster fail-over for each other; however they are separate systems. Computer Assisted Dispatch (CAD) systems can usually be shared, thereby reducing acquisition and maintenance costs. In fact, it is rare for an organization the size of Lexington to operate two different CAD systems. Other public safety applications often cannot be shared because they are tailored for each mission to a higher degree than CAD.

It is an appropriate time for the government to step back and take a look at the future of its computer systems in the context of long-term planning and cost efficiency. Industry best practices are that a single organization operates a minimal number of computer hardware and software architectures. Different architectures require different skill sets to a greater or lesser degree; there is less of an opportunity to share computer hardware, training costs are higher and cross-training is difficult to impossible.

It may not be possible to reduce the system inventory to an ideal level because of compelling local issues, but that is a cost-benefit decision for the governing bodies. Management Partners recommends the system inventory be evaluated with a view toward eliminating as many different computer architectures as possible. The mainframe and proprietary mini-

computer systems are of the greatest concern because of their shrinking market share. It should be noted that Computer Services staff has started some of this evaluation, planning, and even testing of certain technologies that industry analysts consider significant in supporting the convergence and standardization we are alluding to. It is worth an organization-wide effort to develop strategies and buy-in for combining the disparate systems and maximize the value of the government's investment in computer systems.

Recommendation N12: Develop an Information Technology strategic plan. The plan should identify strategies and timetables for:

- The transition of legacy systems
- Succession planning to anticipate the loss of skills needed for systems in use
- Development of a training plan to build employee skills for new and consolidated systems
- Technology replacement and funding plan
- Development of an IT governance program to define organization-wide information standards
- Maximizing the use of existing IT resources and convergence of systems over time

The recommendations described here are industry best practices as identified by Management Partners and other municipal management and IT consulting firms. Many of these practices are common in the IT industry at large and are described in white papers and guidebooks published by many IT management research firms such as Gartner Group, Meta Group, and Forrester Research.

General Organizational Structure

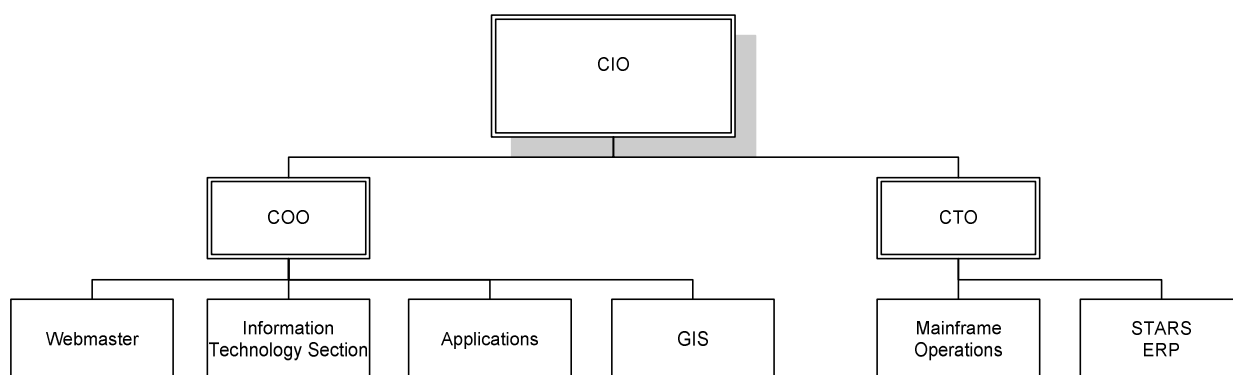
The organizational structure of the functional units of the Division of Computer Services is similar to those found in many large city or county organizations. Prior to the addition of the CIO position, the division had 5 organizational layers, the Director, the Deputy Director, Senior Managers (responsible for 2 Organizational units), Unit Manager, and line staff. The addition of the CIO added another layer on top of this structure.

There is a general trend in the IT service industry toward flatter organizational structures. An IT service organization of this size would normally have only four functional levels. In the case of LFUCG, the Senior Managers and Unit Managers are working managers with personal technical responsibilities in addition to the management of their organizational units. Staff reports the reasons for the extra depth in the organizational structure have been driven by the personnel policies and practices. In order to justify market rate compensation levels for the senior technical staff, LFUCG personnel policies required those technicians carry supervisory or management level responsibilities.

In the long term, the organizational structure of the Computer Services Division should be flattened by removal of the Senior Manager level staff. That is a functionally unnecessary layer. However, the government still has need of the technical skills and labor capacity of the staff at that level. Personnel policies must be aligned with the labor market realities in order to track and retain the technical talent necessary for critical government functions such as information technology support. All indications are those skills will be sought after for many years to come. Once effective and flexible personnel policies are in place, the Senior Manager level can be removed through attrition or re-organization.

In the short run, maintaining the three top levels of the organization (CIO, Director, Deputy Director) makes little sense. A more typical design would split responsibility for the organizational units between the Director and Deputy Director. One would have responsibility for the routine operations of the division such as PC support, network management, GIS, and website. The second would focus on the complex business systems of the organization including all of the government's legacy business applications and STARS. In reality, the Director and Deputy Director operate much in this fashion already. The Director is a highly skilled mainframe programmer and system manager, the Deputy Director has the skills, temperament, and interest in general support and administrative responsibilities. Management Partners recommends responsibility for the division be split between the Deputy Director (under the modern title "Chief Operating Officer or COO") and Director ("Chief Technology Officer or CTO"). The COO would have direct responsibility for the support functions, the CTO responsibility for all business systems and overarching technical standards. Such a structure would allow each to focus more completely on the particular business functions under their direction.

FIGURE N3: COMPUTER SERVICES DIVISION FUNCTIONAL ORGANIZATION CHART



Recommendation N12: Split responsibility for management of the computer services division between the current Director and Deputy Director. Re-title those positions to Chief Technology Officer and Chief Operating Officer respectively.

ERP Module

The STARS project is a troubled project as perceived by many line staff members that were interviewed. Despite the investment, STARS has not delivered promised improvements and performance problems interfere with routine administrative functions. IT support staff also reported that many challenges continue with improving STARS system performance, performing normal maintenance activities, and completing configuration of the software.

Lexington made a mistake common when organizations start Enterprise Resource Planning (ERP) projects, in that staff did not appreciate exactly how large of a project it is and how complex and maintenance-intensive the software is in the initial months to years. Lexington is an organization that is right on the edge in size and complexity when an ERP makes business sense. For any organization the size of Lexington, it would be a very challenging enterprise to install and operate a complex ERP like Oracle-PeopleSoft.

According to staff interviewed for this review, the following problems arose during implementation:

- The City's contract project manager did not have experience and skill with the implementation of PeopleSoft or other ERPs.
- The City's project manager had many personality flaws and poor technical judgment that interfered in relationships with both the implementation company and City staff.
- City IT staff did not have significant skills with PeopleSoft going in and have been playing catch-up ever since.
- Labor capacity and initial labor commitment of both line and IT staff was insufficient for a project like this. The gap has since been at least partially closed but specific skills in database administration and management of the ERP product are still missing.
- Lexington went live with the application too soon, before adequate testing had been done.
- The decision to use the mainframe as the database host added significant technical complexity that staff did not expect. It has proven much more challenging in different ways than maintenance of their legacy applications. The reasons they chose this approach were well considered, and they are very experienced with the mainframe system but were blindsided by the particular challenges of the database software in the mainframe environment.

The recommendations expressed here are derived from technical project management principles described by the Project Management Institute (PMI), coupled with common strategies for ERP implementation.

Detailed information on technical project management can be found in PMI's Project Management Book of Knowledge (commonly called the PMBOK) and other documents. PMI continued ground-breaking research on effective project management started by the U.S. Department of Defense and is considered the leading organization dedicated to the study of project management.

Implementation of the ERP module should be undertaken as a straight implementation project, as a rescue effort for smoothing out the rough edges of the financial modules already in place, and also as a training ground for the implementation of future modules.

Recommendation N13: Staff the PeopleSoft project appropriately by assigning a project manager, assistant project manager, and team leader. The project manager must be a person with specific PeopleSoft experience.

The assistant project manager should have demonstrated strong project management skills on other projects, a good understanding of business processes, and a good understanding of the people issues relative to change and large tasks. S/he does not need strong IT skills, but should have some technological aptitude. Plan to assign this person as project manager for future modules. Provide this person with training in business process design and technical project management. Of critical importance -- relieve him/her of all other duties during the project phases.

The team leader should be a senior level computer programmer with broad PeopleSoft experience. For this to be effective, the City will have to depart from its usual human resources practices; for example, conduct proper compensation surveys that also include the private sector. The government will be in direct competition with the private sector when it comes to attracting senior specialists in this niche. Current IT salary philosophies will not be sufficient. Do not warp the organizational structure in order to make the necessary salary fit with the current compensation philosophies. This person should be the PeopleSoft technical lead with light supervisory duties and fully hands-on with the system; however, they must be fully paid what the market bears. There are some larger corrections in the organizational structure that need to be made because of the compensation philosophies but those

can be fixed over a longer term. This person needs to “hit the ground running” in a simple, effective organizational structure.

Recommendation N14: Redesign and streamline business processes that are critical to ERP functioning. The team obviously must consider issues from all branches of the organization, but this should be pursued even if legislative changes are necessary. The project manager must facilitate broad input and make adjustments to compelling business interests, but in the end there should be no exemptions from unifying and streamlined processes designed by the team.

Recommendation N15: Establish a system for progress reporting on implementation. These projects always require a great deal of communication, at least weekly updates by the project manager and senior project team members. This is a very common point of failure for ERP projects. Obviously, recklessness is to be avoided but vacillation is corrosive and just as effective in destroying a project in the end. Support from the auditors or other accounting professionals with ERP experience amongst their clients will be of value in refining needs and examining alternatives.

Recommendation N16: Identify current skill deficiencies and provide additional training to key technical and line staff to use the new systems more effectively.

Recommendation N17: Reconsider the decision to support the database on the mainframe. This may mean some increased costs in the short term, but improvements in service and most likely some savings in the long term.

Recommendation N18: Develop a formal work plan for normal software maintenance activities and future customizations and enhancements.

Recommendation N19: Conduct a formal review of the system to identify additional training, changes in processes or configurations that would improve function or efficiency. This should be accomplished after subsequent modules “go live” and are allowed to stabilize over two to three months.

GIS Functions

The Geographic Information System (GIS) function in the City is decentralized to a high degree, with several line departments maintaining their own maps, address lists, and other GIS resources. Staff reports some redundant efforts and inconsistent data in the line departments' GIS databases.

The GIS program at Lexington was launched by the Engineering Division in 1996. Use of the data quickly spread to several line departments that added GIS professionals to take advantage of the analytic capability that GIS provides. Over the years, staff has made copies of the original base data for their own purposes. Those copies were maintained by the line departments in an inconsistent manner, resulting in a library of GIS data that has much redundancy. In addition, corrections by one line department are shared inconsistently between other line departments, making it unlikely that any one source reflects a true compilation of all of the best information available. In recent months, computer services staff have attempted to corral these problem datasets and has proposed centralizing the management and oversight of base GIS data.

Redundant systems and data collections are inherently inefficient. Any time an employee in one organizational unit duplicates work already performed by another employee, their work product is wasted. However, a larger concern is the problems and costs associated with independent evolution of two datasets under control of different organizational units. Ultimately, the organization will have to resolve the differences between the two because decisions that rely on incorrect information in one source will come to light and be contrasted with the correct information in the other sources. The longer independent evolution goes on, the larger the number of differences between the two datasets. When those differences are ultimately resolved, the labor required to identify the differences, confirm and then correct the information grows substantially. GIS is often time consuming work; failing to share that labor to the maximum degree possible not only robs the organization of efficiencies on a daily basis, but can create a liability that consumes the labor capacity of several employees for large periods of time to correct.

Best practices for GIS applications are programs that are highly centralized. The GIS unit is responsible for the creation of organizational standards and the maintenance of all base data and GIS applications such as:

- Street and parcel line maps
- Topology maps
- Common overlay maps such as zoning, land use, and public safety response districts
- Linking property ownership information
- Linking common demographic data
- Linking building plans and footprints
- Maintaining the address data

- Web based reference tools linking map features with common municipal data sources such as ownership information, permit and code enforcement records, public safety response information, and demographic information

Line departments that have GIS technical staff may have direct responsibility for map or tabular data that is unique to their function. For example, an engineering group may assume direct responsibility for mapping engineering details such as water lines, valves, and hydrants. Most often, however, even those functions are delegated to the GIS unit. This reduces the needs for GIS specialists within each organizational unit and generally reduces the needs for GIS specialists overall. The analytic needs of each unit are met by training line department analysts to be proficient with the use of GIS analytical tools, but not engage them in map or address maintenance. For example, rather than staffing the Police Department with a GIS technician, crime analysts are trained in the use of the GIS tools in order to add the geographic dimension to their normal products.

Recommendation N20: Centralize the core GIS technical staff including GIS technicians in engineering, planning, and the 911 center. This newly consolidated unit would have direct responsibility for:

- Maintenance of all core map data
- Maintenance of all core geographic attribute data
- Developing common map and data standards (in collaboration with line departments),
- Validating maps and other data produced by line departments for accuracy and consistency
- Managing a common library of GIS data available to all organizational units within the limits of security and privacy mandates that may govern the data
- Providing support and assistance to organizational units that do not have GIS staff

Management Partners has been told that a proposal to this effect has been submitted to the Mayor's Office. We endorse such a proposal in concept, although specific details may have to be adjusted to accommodate local issues. Generally, GIS units are assigned to IT departments, but it is not uncommon to find them under engineering or planning departments. Often those units struggle to meet the needs of other departments. Commonly, public safety departments have difficulties with a program dominated by engineering functions because of higher priorities for infrastructure management relative to workload or response analysis that is of interest to safety departments. However, some Engineering and Planning departments are able to support analytical functions adequately. Management capacity and dedication to broad service are the primary factors in deciding the appropriate structure.

Recommendation N21: Coalesce redundant data sources and repair references to existing GIS applications.

There may be a great deal of interest in quickly developing new GIS applications but to build new applications on problematic datasets may require that they be repaired later at additional cost. The creation of a GIS dataset is very costly. It is unlikely that the total cost to Lexington over the years of its GIS history was much less than \$3 million, between monies paid to contractors to develop base maps and related data, and for staff labor costs spent maintaining the data subsequently. That investment must be protected by careful management of data as a common resource.

The positions found in Table N2 will be affected by Recommendation N21.

TABLE N2: RECOMMENDED PERSONNEL CHANGES IN GIS

GIS Position Transfers					
Position	Action	FY 2008 Salary	Benefit Rate	Total	Transferred From
GIS Programmer	*Transferred In	\$57,296	23.80%	\$70,932.45	E911
GIS Specialist	*Transferred In	\$50,442	23.80%	\$62,447.20	E911
GIS Specialist	*Transferred In	\$45,836	23.80%	\$56,744.97	Police
GIS Specialist	*Transferred In	\$53,492	23.80%	\$66,223.10	Planning
GIS Specialist	*Transferred In	\$38,209	23.80%	\$47,302.74	Engineering
GIS Specialist	*Transferred In	\$45,836	23.80%	\$56,744.97	Engineering
GIS Programmer	*Transferred In	\$57,282	23.80%	\$70,915.12	Engineering
Total Savings				\$0.00	
* Because these position were transferred out of the division, government-wide cost savings are not experienced					

The City's Website

The City's public website is a dated design that could deliver information to the community in a more effective manner. The organization of the website is based primarily around a hierarchical department-oriented view of government services. Many of the department and division pages do not provide much insight on particular services provided by that unit. For an average citizen who is unaware of the nuances of municipal government in general, and Lexington in particular, the website can be difficult to navigate. Using a website for direct access to information resources is the most cost-effective method for providing information to the public. The current website structure and design defeats that interest because it is not easy for a person unfamiliar with the organization to navigate.

Many of the government's programs and departments use logos and slogans unique to the program. The Public Safety and Recreation departments have websites whose homepages appear to be completely of their own design. While the designs of those websites are superior in many respects, the government at large has lost an opportunity to provide consistent branding of its community services. The departmental websites create further confusion by switching back and forth between the independent look and the larger City look for subordinate pages. For example, the Police Department has a stylish home page that gives the impression that the consumer has been transferred to a completely different website. Some of the pages directly linked to the Police Department's home page are in the traditional City's website format.

Website design has been a rapidly developing art form in the short history of the Internet. The Lexington website is typical of second generation designs where the configuration of the site is based around organizational structure rather than a study of consumer needs and habits. Navigation features are limited and do not adjust with the context of the page content. For example, the Lexington website maintains five navigation buttons just below the top banner of most pages (Government Services, Employment, GTV3 Schedule, Parks and Recreation, Home). A resident who is using the website to find some fire prevention information is likely to click through a page or two trying to track down that information, but it is extremely unlikely s/he will suddenly be interested in employment opportunities, the GTV3 schedule, or parks and recreation programs.

Modern website designs use navigation buttons that change as a consumer steps through the pages. Each change attempts to anticipate the consumer's interest and provides him/her with navigational aids to further narrow the search. Navigation buttons or links are usually included to allow an easy return to the home page or another major page but other than those, navigation mechanisms that do not appear to support refinement of the consumer's particular search are not displayed.

Consistent look and feel of the entire website is a design decision that supports effective branding (see Recommendation F9) of the organization's services and reduces confusion on the part of consumers who are unsure of what they provide and who provides that service. Some municipal websites with effective design include:

- <http://www.stopwaste.org/home/index.asp> (Alameda County Waste Management Authority, award winning e-services website)
- <http://www.co.pierce.wa.us/PC/> (Pierce County, WA)
<http://www.englewoodgov.org/> (Englewood, CO)
<http://www.cityoflanasterca.org/> (Lancaster, CA - 2007 Members Choice Award from the National Association of Government Webmasters)
- <http://www.cityofreno.com/> (Reno, NV)
- <http://www.colliergov.net/> (Collier County, FL)
- <http://www.ci.kirkland.wa.us> (Kirkland, WA)

Many public and private sector organizations have done extensive analysis of website design. Input by consumer focus groups as well as design experts have developed several design elements that maximize effective use of the website. Among those are:

- Simple, uncluttered appearances using pleasing colors and graphics
- Consistent design, including look and feel, is used throughout the website
- Context sensitive navigation aids available from any page
- Information is organized around common-language questions a consumer might have
- Clear and easily accessed help
- Effectively integrated search tools
- Fresh content is always available
- Minimal scrolling or mouse-clicks are required to find information

In addition to these features, many medium to large organizations have found that the use of a website content management system offers significant advantages. Content Management Systems (CMS) allow line staff to post news stories, program information, and many other forms of information on a website without a web programmer being required to actually post the information to the website. The CMS manages content creators, editors, and approvers at all levels. It can control dates and times when information appears on the live website and when it is later purged. CMS provides support and resources for content creators and one of its strongest features is its ability to enforce consistent design standards while still allowing a departure from those standards when absolutely necessary. CMS allows web designers to be freed from the mundane work of posting and removing information, allowing them to focus on design and support while the content creators (departments) can get their changes posted much more quickly.

Recommendation N22: Examine the use of a website content management system for website maintenance and support.

Recommendation N23: Create uniform design standards displaying the government brand consistently throughout web pages from all organizational units.

Recommendation N24: Redesign the website with a focus on the consumer's interests and perspectives, providing clear navigation tools and effective help.
See recommendation F9.

Management Partners has had discussions with the CIO regarding the technical oversight of the website. Website development and support

require technical skills which are typically a responsibility of the information technology divisions. This allows the webmaster to have technical support and direction in order to more efficiently provide their service. With only one web professional on staff, the Computer Services organization can provide some back-up help and other assistance as needed. We recommend the webmaster be moved to Computer Services under direct supervision of the COO. Obviously, both the COO and webmaster must remain highly responsive to the community outreach functions within the government, but information technology organizations in both the public and private sector have had significant success in providing innovative information services.

Recommendation N25: Move the webmaster position to the Division of Computer Sciences under direction of the Chief Operating Officer

Land Development Software

Lexington currently operates custom building permit management and code enforcement tools developed in-house from common personal computer software tools. These systems offer limited functionality in support of the building and safety, planning, engineering, and code enforcement functions. The City also uses a building permit tracking system developed in-house. The building permit system has been retrofitted to a quality database system to minimize the risk of data loss when the data is accessed by many people.

These two systems do not offer many of the features required for properly tracking development projects and integrating records for planning, building and code enforcement operations.

A review of files in different systems is required for an employee in any of these functions to determine which actions might have been taken. When modern permit management systems are used, all of the actions relative to a property are visible to any employee in one of those functions, subject to the government's security policies. This allows a faster response to public inquiries and applications and comprehensive knowledge of everything occurring that is related to a particular property or location. This helps prevent inappropriate actions by one part of the organization that might be unaware of actions being taken by another part of the organization. This is a common problem when code enforcement actions are being taken on a particular property, but the property owner attempts to defuse the situation by taking out a building permit for the correction or partial correction prior to the case investigation being completed. Without a property flag to alert permit counter staff to prevent that from happening, the proper process of the code enforcement action can be undone.

Recommendation N26: Replace the current building permit and code enforcement applications with a

commercial application that supports all building and development functions (planning, building and safety, engineering, and code enforcement). Include all parties in the decision-making process and selection of the new package.

Recommendation N27: Investigate the use of a Citizen Resource Management (CRM) module provided by the major permit system makers for 311 and other citizen request functions. These CRM modules are often not as fully featured as separate CRM products but they meet the critical needs of small governments. If the CRM systems associated with the permit systems are determined to meet the needs of the 311 function at Lexington-Fayette Urban County Government, there would be some economies of scale.

Recommendation N28: Convert existing permit records and all code enforcement case records that are not subject to purging to the new system. Organizations frequently make a misguided effort to save money during the implementation project by only converting permit applications and code enforcement cases that are in-progress. Property records must be maintained for extended periods of time. To maintain old records on legacy systems reduces the efficiencies of a new system, duplicates maintenance and support costs, and increases the chance for error. The cost of conversion is never lower than it is during the project implementation.

Computer Maintenance Management System

A municipal government responsible for the maintenance of infrastructure over a land area the size of Lexington will have hundreds of systems in operation requiring periodic attention. Maintenance managers and supervisors traditionally maintain complex lists and calendars to ensure maintenance work is accomplished. However, errors and omissions are common, leading to increased failures and service interruptions.

The Government Accounting Standards Board Statement (GASB) 34 requires governments to track maintenance efforts and state the potential infrastructure replacement liability in financial reports. Tracking the cost of maintenance of a particular infrastructure is difficult without a centralized, comprehensive inventory and accurate tracking of labor and materials committed to maintenance. It is almost impossible to provide a level of accounting that accurately reflects costs for maintenance using manual methods. Gross level cost management can be accomplished, but it frequently does not allow much assistance in the evaluation of replace or repair options. It also does not provide much detailed information to policy makers on the appropriateness of staffing levels. For example, it may be common knowledge that the trees in town are not being pruned on a

schedule that maintains the health of the trees and minimizes damage to electrical service or property. The decision whether to add additional tree crews or outsource part of the work to close the gaps in the pruning schedule, however, requires detailed information. Additionally, the problem may be related to poor performance on the part of existing crews, but that is difficult for maintenance managers to detect and track.

The use of Computerized Maintenance Management Systems (CMMS) can help automate that process and provide better data to form a basis for decision making.

Recommendation N29: Evaluate the use of a Computerized Maintenance Management System (CMMS). There are many CMMS products on the market varying from fairly simple and inexpensive to large and complex systems. A CMMS provides the following functions in support of the maintenance mission:

- Inventory of infrastructure
- Labor and material tracking for maintenance projects
- Work order management
- Maintenance calendar tracking with independent or related calendars for various levels
- Reports can be developed to determine crew performance
- Fleet management and vehicle maintenance record support

Some CMMS systems offer web-based modules for the creation of service orders for such problems as streetlights out, storm drains clogged, or potholes reported by the public or staff in other departments without a phone call to Public Works or 311. These service requests are managed within the master Public Works work order system.

The Management of Software Licenses

During Management Partners discussion with staff, comments were made regarding challenges with the software licenses for Computer Assisted Design (CAD) software. CAD software is the primary tool of design and maintenance engineers for design development. Maintenance staff often also use it to review plans of existing facilities and document changes. Building staff in many city and county organizations are starting to receive plans electronically in CAD format from applicants, architects, and consulting engineers. The CAD software currently in use was purchased by various organizational units at various times in the past. Some of the versions in use have been updated after paying an upgrade fee, other users have not upgraded. The net result is there are currently several versions of CAD software in service. File exchange is proving challenging.

If a complete audit were performed it is likely that several dozen CAD licenses are owned by the government. Each of the licenses costs in

excess of \$2000 depending on the options acquired at the time the purchase was made. The CAD software companies do offer organizational licensing programs under different terms and conditions, but the total cost to the organization is less than a large number of individual acquisitions. Maintenance and upgrade of those licenses over time is also less, although the organization generally is not allowed to let some licenses fall behind for the sake of short term savings of the upgrade fee.

The CIO reports he has had some inquiries from line departments interested in centralizing the CAD license program under his management although the method for covering the costs must be resolved. In the case of CAD software, the aggregate investment of the government may be fairly large easily equaling the investment in a number of the business software systems in use. Centralizing the license program may offer the opportunity to reduce software costs. Other software licenses should also be investigated for similar program savings. In most organizations, the line departments are responsible for their unique software costs.

Recommendation N30: Consolidate management of CAD and other software licenses under the Computer Services Division in order to reduce compatibility problems by maintaining consistent versions and to manage costs across the wider organization. Each organizational unit using the particular software products should be charged for the number of licenses used by that unit.

Office of Policy and Budget

The Office of Policy and Budget is managed by the budget director who reports to the Mayor. The Office of Policy and Budget has several important responsibilities in the City, including:

- Preparation of the annual operating budget
- Preparation of the capital improvement plan and budget
- Administering the annual operating budget
- Preparing and updating multi-year budget projections
- Providing monthly financial reports to the Mayor and Council
- Participation in the annual budget planning retreat
- Carrying out special projects

Policy and Budget oversees the budget of a sizeable municipal entity. It oversees an operating budget of \$441 million (all funds) and an annual General Fund operating budget of \$282 million. It also oversees the Urban Services District budget of \$34 million, other operating funds of \$125 million, and a capital budget of \$34 million.

Policy and Budget has an annual budget of \$523,640 with the vast majority of this (\$509,890) spent on employee salaries and benefits and the remainder for non-personnel expenses.

Policy and Budget has six FTEs including the budget director, administrative officer senior, budget analyst senior, budget analyst, budget technician, and administrative specialist positions.

The following findings and recommendations are offered to improve operations of the Office of Policy and Budget.

Budget Preparation Process

State law requires adoption of an annual operating budget and annual appropriations. The City's practice is to prepare and adopt an operating budget each year. Preparing the operating budget consumes approximately six months each year.

Focus group results and interview data provided by Lexington staff indicate that the current annual budget process is considered to be excessively time consuming.

A number of jurisdictions in Kentucky have implemented a biennial budget process that meets state law requirements for annual appropriations. This is accomplished by preparing a budget for two 12-month fiscal or calendar year periods. The budget review process considers and approves both 12-month periods. The first 12-month period is appropriated in accordance with state law. During the first 12-month period, a narrowly focused budget preparation process is undertaken for the second 12-month period. The focus is only on changes that need to be made to the second 12-month budget that had been previously approved by the governing body. The governing body considers and approves modifications to the second 12-month budget and then appropriates the second 12-month budget in accordance with state law.

Jurisdictions using a "biennial" budget process report a significant labor savings in budget preparation time. A significant benefit to this approach is that the executive and legislative bodies have used the time savings to concentrate more on performance analysis issues and long-range financial condition analysis. This enhanced planning activity has been beneficial in terms of problem avoidance and achieving better bond ratings on debt issues.

Recommendation N31: Implement a biennial budget process. In doing so, the City should see a reduction in annual labor hours spent on budget preparation and should reinvest these hours into long-range planning.

Program Budget

Currently, the City's budget document is prepared and presented in an organizational format which is aggregated by organizational unit (e.g., department and division), rather than by program or service.

The City Council has expressed dissatisfaction with organization of the budget document and the process. Because of this, a Council Committee of the Whole is currently working with the Finance Commissioner to reform the budget process and presentation in order to increase the level of information on operations.

Best practice cities nation-wide have moved to a program budget format. By "program," we refer here to the program or service being provided; thus, for example, instead of providing only a budget for Public Works and/or the Street Division, you would have budgets for street sweeping, road maintenance, etc. This way, policymakers can see what services cost and make more informed decisions. Policymakers will still need to make appropriations by organizational entity/department, but it will simply be the sum of the programs being provided by that unit.

Recommendation N32: Convert budget preparation and presentation to a program budget format. The current organizational format of budget preparation and presentation does not provide information that supports continuous service improvement or policy analysis. A program budget should link revenues and expenditures to each program and service, as well as performance measures, in order to provide policymakers with better support for operations review and policy analysis.

Unit Cost Data

As mentioned above, the City's current budget structure is based upon organizational unit (department/division) rather than by service or program. Costs are not linked to services or programs but are disaggregated and broken up throughout the budget by object of expenditure. For example, the cost of fleet services is shown only in the Fleet budget, but is not linked to the services that use fleet vehicles; in essence, this makes the fleet costs of the Police Division invisible to the reader. This system prevents policy makers from easily understanding the actual cost of various services and programs.

Similarly, the budget does not provide information on the unit cost of services and programs. For example, the fully burdened cost per linear curb foot of street cleaning, or the fully burdened cost per household of waste collection are not easily derived from budget information as presented. Implementing a culture of continuous improvement depends on knowing unit cost information regarding programs and services so that cost increases and reductions can be understood and evaluated. For example, if you know the cost per linear foot of street cleaning, you can use the budget to compare cost trends over time and compare the trend to relevant indices such as inflation. To do this, there must be a means for

attributing all costs to a program, including the “invisible” internal overhead costs such as information technology and fleet services.

Recommendation N33: Track costs for each program, including overhead, capital and benefits, so that unit costs can be identified accurately. Calculation and presentation of unit cost data will facilitate operations and policy analysis.

Financial Condition Indicators

It was not apparent during this review that the City’s budget preparation and policy development are done in the context of any analysis of the City’s overall financial condition. Instead, the budget is reviewed and approved by policymakers without an understanding of its context in the scope of the City’s overall long-range financial circumstances.

A budget is a financial plan for a particular point in time. The current budget document does an excellent job of providing a projection of the recommended plan into the future. However, what is still needed is a financial condition context for the budget and the projection. The City has appointed a task force to develop a financial analysis and business plan. Management Partners is providing research on financial, economic and demographic trends that will enable the task force to prepare a financial condition analysis that can be replicated with the development of the biennial budget.

Many best practice cities utilize specific indicators and indices by which to measure and take the pulse of their organizations’ financial condition. These indicators are agreed upon by policymakers and then used on a regular basis to provide the necessary “big picture” context for the budgeting process and decisions about service delivery.

The Mayor, Council and senior managers have a budget retreat to set policy for budget preparation. Interview information indicated that those deliberations are not structured with a financial conditions analysis or a long-term projection of financial status. In such circumstances, setting policy for budget preparation would not be optimized. The task force appointed by the Mayor and Council to develop a financial conditions analysis will provide a tool for structuring the financial context for developing biennial budget policy. That financial conditions analysis should be updated and provided to the Mayor and Council prior to the biennial budget retreat.

Recommendation N34: Develop a financial condition indicators inventory/index. Providing a financial conditions analysis and agreeing on indicators will provide a financial context for the Mayor and Council to develop operations policy and to more effectively allocate financial resources.

Recommendation N35: Update the financial conditions analysis as an element of the biennial budget process and provide the results of the analysis as the initial step in budget preparation. More effective budget policy and better long range financial planning can be realized with updated financial conditions analysis.

Financial Standards and Guidelines

Most best practice cities have prepared written policies which set standards regarding critical elements of the financial condition analysis. For example, a critical element would be the measure “bonded debt as a percentage of assessed value.” The City would want to establish a standard for this indicator based upon a target for bond ratings. This could be stated as “Limit bonded debt as a percentage of assessed value to five percent.” Each budget could then be developed and presented in the context of its impact on the various financial condition policies adopted.

Presently, the City has very few established standards in place regarding aspects of the government’s financial condition. Standards for financial condition, other than to balance the budget and the targets for the Economic Contingency Fund, have not been developed.

Recommendation N36: Adopt written objectives/policies regarding financial condition indicators. Establishing articulated standards for adopted financial condition indicators will facilitate biennial budget preparation and position the Mayor and Council to be more effective in financial planning.

Full Cost Recovery

One characteristic of government that often sets it apart from the private sector is the lack of awareness regarding the cost of services and programs provided. Most best practice cities have established cost recovery policies so that full costs, or a pre-established subsidy level, are set as goals for cost recovery. These goals then form the basis of setting fees and charges to recipients of the programs or services.

Currently, the City has no process in place for updating fees for service to ensure full cost recovery. This is, in part, a reflection of the lack of unit cost data as discussed earlier in this report. Without knowledge of the full costs of their programs and services, managers cannot determine what the appropriate fees or charges would be to recover their costs. We are unaware of any policies established regarding cost recovery for various fees for service.

Fees for service are typically established for services provided by government that are not always useful to, or accessed by, all the residents of the jurisdiction. For example, fire protection is afforded to all and is paid for from tax revenues. Development plans reviews are not utilized by all residents and are typically paid for by a fee charged to the

applicant for a permit. To minimize the degree to which taxpayers subsidize services, the cost of fee-based services must be determined and a structure to recover all or a portion of the service cost is developed and updated. Lexington relies on operating agencies to examine their fee structure for services and recommend updates; however, due to the lack of unit cost information, this is a hit or miss practice. What is needed is an articulated policy for fee-based services that 1) determines the portion of service cost to be recovered by fee revenue for each fee based service; 2) incorporates a fee structure update process into the biennial budget process; and 3) provides the methodology and information for establishing the unit cost for each fee based service.

Recommendation N37: Develop formulae for full cost recovery for fee-based services and update the full cost recovery calculation as an element of the budget process.

Capital Planning

In interviews, senior managers with financial and budget responsibility were not complimentary regarding the City's capital plan development process. While a multi-year list of projects is presented in the annual budget document, there are few instructions, no policies, and minimal guidance in its creation and the Council does not adopt a multi-year capital plan.

The capital planning process has little structure and is not truly integrated into the budgeting process for the City. During this review, Management Partners worked with Finance Department staff to implement best practices policies and procedures for developing a capital plan and multi-year capital budget.

Recommendation N38: Implement a detailed capital planning process for development of a multi-year capital budget. Development of a multi-year capital plan will enhance planning for project management and debt planning.

Conclusion

The Office of the Mayor has an important role in improving the organization through technology, financial policy and long-term budgeting, and public education and outreach. By moving to biennial program budgets, ensuring market-rate fees and full cost recovery, the City can increase its revenue stream while reducing labor spent on the budget process itself. Investing in technology and consolidating systems will automate performance reporting and ensure quality data that is used by a broad spectrum of City staff. Coordinating marketing efforts will serve to enhance the City's visibility as a service provider.

CONCLUSION

The objectives of this review were two-fold:

1. To examine all of the operations of the Lexington government to identify opportunities for improvement, either in the way services are provided to residents, or in the efficiency of the government, and
2. To generate savings in operating costs.

This report meets both objectives and provides many opportunities for Lexington to improve the quality of service to residents and clients, as well as saving money. Monetary savings can then be reinvested into implementation of other recommended improvements.

There are many areas where the Lexington government performs well and uses best management practices. Management Partners found everyone who participated in this review to be eager to improve the performance of the government. The fact that the City decided to undertake this study represents a strong commitment to learning and improvement.

Using this report as a guide, Lexington now needs to begin to reformulate and modernize the way it does business. The City can improve its operations and services and financial position by:

- Adopting a City-wide strategic plan and requiring departments to have strategic plans and associated annual work plans
- Implementing performance measurement City-wide
- Investing in high quality and well-executed information technology
- Adopting market-rate fees and having a policy of full cost recovery for many services
- Moving to a biennial program budget process
- Reducing the time to hire new staff
- Streamlining the organization structure of departments to clarify mission and purpose, consolidate like functions in one location, and eliminate unnecessary management layers
- Staffing public safety operations appropriately and redirecting sworn police personnel who are performing non-sworn duties back to providing full service to residents

- Eliminating under-utilized fleet vehicles in favor of alternatives such as reimbursing employees for personal vehicle use or car rental agencies

It should be reiterated that while this review of City operations and issues focuses on management issues or practices where improvements can be realized, the report should *not* be read as a “report card” or assessment of the performance of the elected officials or staff. Every jurisdiction – just like any business or even individual – must change and improve over time. Now is Lexington’s time.

We have identified numerous and extensive opportunities for the City to increase operational efficiencies, save money and grow revenues to cover costs. These improvements are real and have a substantial multi-million dollar value, but it will take hard work to make the improvements, including fundamental changes in the ways in which the City does business. Yet in every case, there are examples of other cities achieving similar results to what is recommended for Lexington.

The challenge to policy-makers and managers alike is to make the decision to implement needed changes and to actually complete implementation. We are confident Lexington’s policy-makers and managers have the knowledge and skill to do so.

Management Partners wishes to thank the Mayor, City Council, City Manager, commissioners and all staff who participated in this review. We are confident that the management and employees of the Lexington-Fayette County Urban Government can accomplish these changes. During our interviews, we met many dedicated and loyal employees who have the best interests of the community at heart and who expressed energy and enthusiasm toward making these positive changes. We are confident that the City is ready to harness this enthusiasm to move forward.

ATTACHMENT A – SUMMARY OF RECOMMENDATIONS

F. Corporate Recommendations

Recommendation F1: Create a strategic plan for the Lexington-Fayette Urban County Government and annual department work plans based on it.

Recommendation F2: Develop five-year strategic plans for every department.

Recommendation F3: Create annual work plans for every department.

Recommendation F4: Use work plans as one factor when reviewing commissioners' performance.

Recommendation F5: Implement a system of performance management with comprehensive outcome-based performance measures.

Recommendation F6: Prepare a City-wide enterprise Information Technology (IT) Plan.

Recommendation F7: Conduct a fee study.

Recommendation F8: Eliminate the Citizens Advocate position.

Recommendation F9: Define a Lexington brand and incorporate that brand into government publications, documents, and programs.

Recommendation F10: Redesign the government's website so that each department and division uses the common web design and format consistent with the branding initiative.

Recommendation F11: Develop a standard letterhead and business card format for the government that is consistent with the branding initiative.

G. Department of Finance and Administration

Administration

Recommendation G1: Develop a plan and timetable for implementing the STARS cash management software.

Recommendation G2: Implement cash management planning for appropriate time intervals up to, and including, one year.

Recommendation G4: Transfer employee safety training duties from the Risk Management Division to Human Resources.

Recommendation G5: Transfer the Risk Management Division administration and loss control management programs to the Finance Department.

Recommendation G6: Transfer the Financial and Investment Analyst and the Financial Management Administrator positions to the Accounting Division.

Division of Accounting

Recommendation G7: Develop methods to reduce coding errors for STARS journal entries.

Recommendation G8: Develop a plan to implement an appropriate system to account for grants and capital projects.

Division of Central Purchasing

Recommendation G9: Eliminate duplication of effort in the contracting process by including appropriate language for contract authorization in the budget adoption ordinance.

Recommendation G10: Develop and implement a procurement card protocol for commodities costing less than \$1,000.

Recommendation G11: Develop and implement a reverse auction for purchasing appropriate commodities and services.

Recommendation G12: Increase the formal quote and bid opening threshold from \$5,000 to \$10,000.

Division of Revenue

Recommendation G13: Add additional analysts to the Audit and Compliance Section of the Revenue Division at the rate of up to four per year until marginal revenue equals marginal cost.

Recommendation G14: Develop a plan to eliminate or reduce the General Fund parking subsidy.

Recommendation G15: Develop a report showing occupational license tax (OLT) accounts that have stopped paying in the last three years.

Recommendation G16: Establish a practice of sending one demand letter for delinquent/unpaid accounts before sending the account to Collections.

Recommendation G17: Initiate discussions with the School Board to resume collecting the OLT on its own behalf.

Recommendation G18: Include phone numbers on bills for Lexcall and/or Division of Solid Waste for questions on Landfill user fees for dumpster service.

Recommendation G19: Train staff in Lexcall and the Solid Waste Division to handle customer complaints about dumpster service.

Division of Community Development

Recommendation G20: Prepare a grant administration manual that details the policies, practices and protocols for grants administration and operations and distribute to all appropriate personnel.

Recommendation G21: Provide grants administration training to agency personnel.

Recommendation G22: Develop a request for proposal to outsource provision of the Homeowner Rehabilitation Program.

Recommendation G23: Select a third-party sub-recipient to operate the Homeowner Rehabilitation Program.

Recommendation G24: Transfer sub-recipient monitoring of the Homeowner Rehabilitation Program to the Finance Department Accounting Division.

Recommendation G25: Transfer code enforcement staff in the Community Development Division, along with their current responsibilities, to the Code Enforcement Division of the Public Safety Department.

Recommendation G26: Contact Neighborhood Housing Services of America and Fannie Mae to investigate the potential for selling homeowner rehabilitation loans.

Division of Human Resources

Recommendation G27: Develop customer service standards and provide customer service training to Human Resources staff.

Recommendation G28: Eliminate the Attrition Committee.

Recommendation G29: Test the first draft of the revised position analysis questionnaire on a selected group of users to determine if it is indeed user friendly before implementing it on a government-wide basis.

Recommendation G30: Revise the hiring process in such a way that the cycle time to fill vacant positions is two months.

Recommendation G31: Eliminate the requirement for the Council to approve all new hires. This would save a minimum of two weeks in the hiring process cycle time.

Recommendation G32: Prepare and approve interview questions simultaneously with the initial testing process.

Recommendation G33: Repeal the requirement for legislative approval of routine personnel actions.

Recommendation G34: Modify the underlying statutory authority for the City's civil service system to provide a modern civil service system based on merit and fitness.

Recommendation G35: Create an Executive Service System for division directors, assistant division directors and other senior management positions as designated by ordinance, separate from the classified civil service system.

Recommendation G36: Arrange for a market study based on total compensation and working environment factors, such as work schedule, to determine Lexington's competitive position in the regional labor market for its job types.

Recommendation G37: Eliminate the Mercer Committee.

Recommendation G38: Analyze historic turnover patterns to predict the positions in which turnover is most likely to occur.

Recommendation G39: Implement a turnover assessment plan as an element of the recommended biennial budget process.

Recommendation G40: Analyze historic experience and department turnover projections to develop a testing plan and schedule.

Recommendation G41: Include a training needs survey as part of the biennial budget preparation process.

Recommendation G42: Develop and administer an internal customer satisfaction survey.

Recommendation G43: Develop a technology plan for Human Resources services that increases use of the internal intranet and the external Internet.

H. Department of General Services

Commissioner's Office

Recommendation H1: Restructure the Commissioner's Office.

Recommendation H2: Purchase and install a security wand system. Such a system is estimated to cost \$4,000 and includes a data gathering "chip" at strategic locations in buildings and parking garages.

Building Maintenance and Construction

Recommendation H3: Create a new Facilities and Fleet Management Division that consolidates decentralized facilities management functions for the government.

Recommendation H4: Enter into service contracts for all appropriate functions of the new Facilities Management Division.

Recommendation H5: Contract with an outside consultant to complete an inventory, condition assessment and recommended action plan for the maintenance, repair and replacement of all roof systems for City buildings.

Recommendation H6: Develop a capital improvement plan (CIP) with an annual budget for the repair and maintenance of roof systems.

Recommendation H7: Implement a scheduled inspection program for roof systems.

Recommendation H8: Contract for inventory, condition assessment and energy efficiency evaluations for existing HVAC equipment.

Recommendation H9: Establish an adequately funded annual capital plan and replace HVAC units in priority order, starting with those units in the worst condition and/or with lowest energy efficiency.

Recommendation H10: Dedicate energy savings from equipment upgrades to fund future equipment improvements.

Recommendation H11: Standardize HVAC specifications and approved equipment to limit maintenance training and parts inventory.

Recommendation H12: Choose and maintain a single asset management program for HVAC equipment.

Recommendation H13: Maintain HVAC equipment according to manufacturers' recommendations.

Recommendation H14: Identify and train specialized service crews for the most common HVAC systems.

Recommendation H15: Contract for service for unique/rare HVAC systems in the City.

Recommendation H16: Conduct a pilot program to test contract HVAC maintenance.

Recommendation H17: Assign appropriate building maintenance and construction duties to be completed during non-office hours.

Recommendation H18: Contract for comprehensive energy audits of major facilities.

Recommendation H19: Develop a capital projects plan for energy conservation measures based on payback period and return on investment principles.

Recommendation H20: Dedicate energy savings from conservation efforts to fund future capital improvements.

Recommendation H21: Install programmable thermostats in appropriate locations.

Recommendation H22: Closely monitor energy costs by facility and expense.

Recommendation H23: Require cleaning contractors to provide soap and paper products as part of their service contracts.

Division of Fleet Services

Recommendation H24: Reclassify the fleet systems manager to a parts supervisor.

Recommendation H25: Reclassify one of the current operations managers to senior operations manager and eliminate the remaining operations manager position.

Recommendation H26: Establish and monitor performance indicators to measure performance against industry and shop standards.

Recommendation H27: Provide regular fleet information reports to management, fleet customers and fleet services staff.

Recommendation H28: Reduce, eliminate, and/or pool the 107 fleet vehicle units specified in the fleet utilization analysis.

Recommendation H29: Eliminate the City's central pool and contract with a commercial car rental agency to provide central pool services.

Recommendation H30: Develop incentives to encourage employees to use personal vehicles when it is more economical to do so.

Recommendation H31: Streamline the employee mileage reimbursement process.

Recommendation H32: Establish a shop loaner pool consisting of three pickup trucks and two sedans.

Recommendation H33: Monitor the utilization of the loaner pool for six months to determine the best type and number of units to meet the needs of customers.

Recommendation H34: Negotiate rental agreements with local rental car agencies for vehicles to be used to augment the Fleet Services pool when units are out of service due to extensive repair work or for peak needs.

Recommendation H35: Add two dump trucks and one flat bed truck to the heavy equipment pool.

Recommendation H36: Negotiate rental agreements with local heavy equipment rental agencies for equipment to augment the heavy equipment pool.

Recommendation H37: Monitor the use of the heavy equipment pool units during the next year as well as requests for equipment.

Recommendation H38: Calculate a fully-burdened shop labor rate that incorporates all fleet overhead costs as well as technician productivity (wrenching hours).

Recommendation H39: Establish a goal to increase mechanics' productivity (wrenching time) from 60% to a minimum of 70.

Recommendation H40: Hire lesser-paid personnel ("runners") to perform duties now performed by mechanics.

Recommendation H41: Reduce unaccounted time and increase productive wrench time.

Recommendation H42: Evaluate Fleet Services' competitiveness and potential for outsourcing 12 months after implementation of fleet recommendations.

Recommendation H43: Develop an internal service fund and chargeback system for Fleet Services.

Recommendation H44: Establish a Vehicle and Equipment Committee consisting of the Fleet director and representatives from the City's largest fleet users to review and discuss fleet policies.

Recommendation H45: Utilize life cycle cost analysis to determine the optimum time to eliminate fleet vehicles.

Recommendation H46: Expand the hours of operation for Fleet Services to accommodate service to customers outside of their normal work hours.

Recommendation H47: Perform a detailed analysis of Fire Department fleet operations and determine the best location for fire fleet servicing.

Recommendation H48: Conduct an analysis of the City's one-to-one car plan for police vehicles.

Division of Parks and Recreation

Recommendation H49: Eliminate two of the superintendent positions and each of their administrative specialists and consolidate responsibilities with the remaining superintendents.

Recommendation H50: Create a management analyst position to report to the director.

Recommendation H51: Centralize capital project management requiring preparation of plans and specifications, bidding and construction management in Public Works and Development.

Recommendation H52: Review and re-appropriate budgeted and funded CIP projects prior to purchasing cut-off date.

Recommendation H53: Develop a process to award contracts exceeding administrative approval limits to successful bidders within 30 days of selection.

Recommendation H54: Approve change orders administratively to the recommended bid-opening threshold limits of \$10,000 or 10% of the contract, whichever is greater.

Recommendation H55: Establish a "small works roster" of pre-qualified designers and contractors for small parks capital projects.

Recommendation H56: Develop and adopt a five-year Parks and Recreation CIP.

Recommendation H57: Transfer the appropriate responsibilities From the Parks Maintenance division to the newly created Facilities and Fleet Management Division.

Recommendation H58: Consolidate administrative staff into one building.

Recommendation H59: Decrease the General Fund subsidy for enterprise programs.

Recommendation H60: Increase recreation fees immediately to be consistent with the current policy.

Recommendation H61: Revise the recreation fee policy to establish an annual not-to-exceed amount for the General Fund support of recreation programs and encourage recreation managers to provide innovative programs that generate additional revenue.

Recommendation H62: Revise the recreation fee policy to provide for approval of Parks and Recreation fees administratively by the Commissioner of General Services.

Recommendation H63: Establish an enterprise fund for golf services.

Recommendation H64: Create an equipment replacement plan and dedicated funding for replacement of golf equipment.

Recommendation H65: Increase golf fees to fully recover costs.

Recommendation H66: Reduce costs by contracting course maintenance.

Recommendation H67: Increase golf capital improvement funding to cover renovation of courses and facilities.

Recommendation H68: Close the Constitution, Berryhill, Douglass, and Picadome public swimming pools.

Recommendation H69: Inventory and identify costs for special events and prioritize them during the budget process.

Recommendation H70: Examine contracts with franchise leagues to determine if the revenue generated is appropriate for the level of service received.

Recommendation H71: Rewrite and communicate community franchise field use policies so they are clear.

Recommendation H72: Consolidate the marketing and communication functions of the Parks and Recreation Division into the City-wide marketing and communications unit recommended elsewhere in this report.

I. Department of Law

Division of Risk Management

Recommendation I1: Separate the functions now contained in the Division of Risk Management into two separate components.

Recommendation I2: Retain under the supervision of the Commissioner of Law the legal aspects of claims management and settlements, coordination of litigated claims with external counsel, third party administrator contract negotiation and monitoring, management of the insurance program and contract review and administrative support for those functions.

Recommendation I3: Eliminate the risk finance accountant position.

Recommendation I4: Eliminate the exposure analyst position

Recommendation I5: Eliminate the vacant safety specialist position.

Recommendation I6: Transfer remaining division personnel performing employee-oriented functions into the Finance Department in a Risk Management division

Recommendation I7: Evaluate whether there is a duplication of the claims adjuster services provided through existing contracts with third party administrators.

Recommendation I8: Transfer the attorney senior position (formerly risk management contract specialist) to one of the legal services divisions in the Department of Law.

Recommendation I9: Reduce the use of outside counsel on a case-by-case basis in favor of handling more litigation in-house.

Recommendation I10: Amend City ordinances to articulate that the Commissioner of Law is responsible for claims administration, administration of the self-insurance retention fund, settlements and recommendations, determination of retention of outside counsel and the selection and monitoring of third party administration contracts.

Division of Corporate Counsel and Litigation

Recommendation I11: Provide the Commissioner with an administrative specialist, staff assistant and clerical assistant to perform general administrative, budget, receptionist and clerical functions in support of the department.

Recommendation I12: Separate the attorneys and support staff for the Divisions of Litigation and Corporate Counsel.

Recommendation I13: Restructure the Division of Corporate Counsel to have one director in charge of corporate advice and counsel.

Recommendation I14: Restructure the Division of Litigation to have one director in charge of litigation, administrative hearings, and claims settlement.

Recommendation I15: Create a separate Claims Unit within the Division of Litigation.

Recommendation I16: Create a separate Administrative Law/Employment Litigation unit and a Collections unit within the Division of Litigation.

Recommendation I17: Evaluate attorney workload to determine which activities could appropriately be delegated to paralegal staff to allow more effective use of resources.

Recommendation I18: Reassign two paralegals from real estate title searches, address verifications and financial responsibilities relating to payoff calculations and receipt of code enforcement payments to provide direct service to division attorneys.

Recommendation I19: Assign a paralegal to review indemnification and insurance coverage in contracts and leases, process certificates of insurance and process off-duty employment requests as part of the Division of Corporate Counsel transactional responsibilities.

Recommendation I20: Provide Code Enforcement with a central filing system and require departments to make initial efforts to identify property owners using the assessor website and other resources.

Recommendation I21: Evaluate the cost-effectiveness of contracting for 30 year title searches on real property and limited title searches for liens.

Recommendation I22: Explore the use of voice activated software for paralegals doing real estate or other work off-site.

Recommendation I23: Create a call log for informal advice and require attorneys to record entries daily.

Recommendation I24: Institute a detailed time record keeping system for attorneys.

Recommendation I25: Develop a standardized status report format and require each attorney to report regularly to the director.

Recommendation I26: Reduce multiple reviews and approvals within the Department of Law to improve response time and make individual attorneys accountable for the final work product.

Recommendation I27: Restructure the Divisions of Litigation and Corporate Counsel so that an administrative specialist supports each division and performs tasks associated with the level of administrative skills required for the classification.

Recommendation I28: Assign a staff assistant to perform the routine typing, filing and related clerical and receptionist duties or utilize a typing service.

Recommendation I29: Explore the purchase of voice recognition software for attorneys who use a disproportionate amount of administrative specialist's time for transcribing.

Recommendation I30: Train employees on effective use of document management, word processing and other office technology.

Recommendation I31: Reduce Department of Law involvement in the code enforcement process to those matters requiring legal expertise or court process to reduce delays and improve responsiveness and collections.

Recommendation I32: Place responsibility for receipt of payments due to Code Enforcement in Finance and designate that Finance receive all payments.

Recommendation I33: Transfer responsibility for initial address verifications to Code Enforcement.

Recommendation I34: Determine average cost of handling collections per case through the legal process.

Recommendation I35: Transfer only those cases to Collections that exceed the average cost of collection.

Recommendation I36: Develop alternative methods of collection such as use of collection agencies for those cases where cost of collection exceeds potential recovery of amounts due and for more timely initial contact.

Recommendation I37: Give priority to higher dollar value collections until the backlog is eliminated.

Recommendation I38: Screen department requests for payment to focus on high cost cases.

Recommendation I39: Assign one attorney to the Collections section in the Division of Litigation.

Recommendation I40: Provide additional paralegal and administrative specialist support dedicated to the Collections section.

J. Department of Public Works and Development

Division of Engineering

Recommendation J1: Amend the engineering consultant selection process to ensure compliance with qualifications-based selection practices, followed by price negotiation with the most qualified firm.

Recommendation J2: Centralize project management for CIP projects requiring the preparation of plans, specifications and bid documents in a new Capital Projects Management division reporting to the Commissioner of Public Works and Development.

Recommendation J3: Contract with one or more private firms to acquire all rights-of-way associated with Lexington's capital improvement projects.

Recommendation J4: Require that underground utility relocates be completed in the year prior to the scheduled construction date for a given CIP project.

Recommendation J5: Establish performance standards for CIP managers.

Recommendation J6: Require development plans to be submitted in compatible electronic form.

Recommendation J7: Require engineering review of development plans for key areas such as drainage and stormwater management.

Division of Streets, Roads, and Forestry

Recommendation J8: Implement emergency snow route restrictions during appropriate events and enforce towing provisions.

Recommendation J9: Equip the snow removal fleet with GPS units to allow centralized tracking and recording of progress.

Recommendation J10: Provide an additional salt storage shed at an appropriate location.

Recommendation J11: Provide 24-hour access to truck wash facilities at Water and Air Quality and Fleet.

Recommendation J12: Implement a limited second shift so Streets, Roads and Forestry employees can provide truck and vehicle washing, fueling and light maintenance.

Recommendation J13: Provide take home vehicles to on-call employees during their on call shifts.

Recommendation J14: Allow on-call employees to report directly to site and manually record their time.

Recommendation J15: Revise the use policies associated with the Kronos time system to allow supervisory flexibility in the management of staff.

Recommendation J16: Expand the use of Kronos beyond the existing divisions and departments to include all groups currently using time clocks.

Recommendation J17: Establish street sweeping standards based on environmental quality best management practices and staff, equip and route accordingly.

Recommendation J18: Coordinate street sweeping schedules with refuse collection to take advantage of proposed parking limitations and to provide clean-up of spilled materials.

Recommendation J19: Enforce violations in no parking zones.

Recommendation J20: Begin street sweeping earlier in the day in traffic-congested areas and consider moving sweeping to a third shift. This may require a noise ordinance waiver.

Recommendation J21: Purchase sweepers and sweeper brooms based on life cycle cost evaluation rather than initial purchase price.

Recommendation J22: Conduct a study to of Right-of-Way maintenance alternatives and explore alternatives for financing an expanded role for the City in this area.

Recommendation J23: Require developers to contribute to a street tree fund instead of planting trees in the right of way.

Division of Traffic Engineering

Recommendation J24: Establish a partnership and contractual arrangement with Jessamine County to provide traffic engineering services.

Recommendation J25: Budget General Fund monies to support shared maintenance of joint fiber optic system.

Recommendation J26: Establish a two-person fiber optic crew supplemented with existing employees to inspect and maintain the fiber optic network for both traffic engineering and general use.

Recommendation J27: Evaluate the cost/benefit of using permanent seasonal workers in lieu of trustees for pavement marking.

Recommendation J28: Assign pavement marking crew and responsibilities to Streets, Roads and Forestry.

Division of Historic Preservation

Recommendation J29: Align historic and planning functions by placing Historic Preservation within the Planning Division.

Division of Purchase of Development Rights

Recommendation J30: Make PDR a section within the office of the Commissioner of Public Works.

Division of Planning

Recommendation J31: Clearly define the roles and responsibilities of Transportation Planning and Traffic Engineering staff with regard to Fayette County projects and planning activities.

Recommendation J32: Establish a formal agreement between the City and the Jessamine County fiscal court that outlines the purpose, provisions, staffing, reporting and funding of the MPO.

Recommendation J33: Assess and revise the annual payment from Jessamine County so that it is proportionate to the transportation planning services provided.

Recommendation J34: Develop a comprehensive integrated system for plans review and tracking that is linked to the process currently underway by the Division of Building Inspection.

Recommendation J35: Amend Planning Division filing requirements to require electronic submissions of applications, plans and supporting documentation.

Recommendation J36: Reduce the number of staff assistants by one.

Recommendation J37: Consolidate administrative and technical support staff into one administrative support section under the direction of the principal administrative specialist.

Recommendation J38: Identify major subdivision and development plan applications that can be decided at the Planning Commission Subcommittee level.

Recommendation J39: Identify zoning text and map amendment applications that can be decided at the subcommittee level.

Recommendation J40: Develop a handbook that details the various development review applications and processes.

Recommendation J41: Publish the development handbook electronically with forms that can be completed and printed or filed electronically from the Planning Division webpage.

Recommendation J42: Develop and publish cycle time standards for review of plans submitted for certification.

Recommendation J43: Track certification cycle times.

Recommendation J44: Consolidate the Strategic and Long Range Planning units.

Recommendation J45: Eliminate the position of manager of strategic planning.

Recommendation J46: Streamline the Planning Commission review structure to allow decisions on some applications to occur at the committee level.

Recommendation J47: Implement a consent agenda for full Planning Commission meetings.

Recommendation J48: Identify the types of applications that can be reviewed and approved administratively

Recommendation J49: Prepare and deliver staff reports to Planning Commission members no later than one week prior to a scheduled meeting.

Recommendation J50: Provide applicants with written notice of deadlines for information required for staff review.

Recommendation J51: Combine zoning/variance requests and zoning/conditional use processes for certain development proposals outside of the infill and redevelopment boundary.

Recommendation J52: Identify other instances in which the Planning Commission can assume Board of Adjustment decision making powers for variance or conditional use requests combined with zone change applications.

Division of Building Inspection

Recommendation J53: Eliminate the commercial check list to prevent duplication of effort.

Recommendation J54: Convert the plan review record to electronic format.

Recommendation J55: Incorporate online, read-only status reports for residential plans.

Recommendation J56: Add reviewer phone numbers to the approval status screen as a convenience to applicants checking plans status.

Recommendation J57: Identify and analyze the origin and type of complaints received.

Recommendation J58: Incorporate data collection for response to complaints and inspection requests into the design of the electronic plan review and permitting system.

Recommendation J59: Develop and publish review criteria and identify the types of plans best suited to the Tuesday morning review.

Recommendation J60: Adopt a policy that any plan that meets the specified criteria is automatically scheduled for Tuesday morning review.

Recommendation J61: Institute a cancellation policy and a “no-show” penalty fee equal to double the cost of the staff time for the half-hour consultation with City department representatives.

Recommendation J62: Forward applications for Board of Architectural Review to the commercial project facilitator or the appropriate residential construction supervisor in Building Inspection prior to staff report completion.

Recommendation J63: Develop and implement a schedule to rotate assigned inspection areas. Rotating inspection area assignments and using a schedule similar to those used for plan review is a best practice

Recommendation J64: Reduce the number of staff devoted to new and existing residential inspections by three FTEs.

Recommendation J65: Use contract inspectors as needed to handle peak residential inspections in excess of 2006 workload volumes.

Recommendation J66: Implement a web-based inspection scheduling system as part of the on-going project to implement a plan review and permitting software system within the division and other review agencies.

Recommendation J67: Pilot test the use of take home vehicles so that inspectors begin and end daily inspection duty from home rather than driving into the office.

Recommendation J68: Develop performance requirements for staff persons who participate in the take home vehicle pilot.

Recommendation J69: Identify an alternative meeting space that can be used by plans reviewers.

Recommendation J70: Require appointments for commercial building plans.

K. Department of Environmental Quality

Recommendation K1: Create an administrative officer senior position for the Department of Environmental Quality.

Recommendation K2: Fill the vacant Administrative Specialist Senior position in the Commissioner's office and transfer that person to the Division of Environmental Policy.

Recommendation K3: Add a graduate intern position.

Recommendation K4: Transfer the Administrative Officer currently reporting to the Commissioner to the Division of Environmental Policy.

Office of Compliance

Recommendation K5: Change the name of the "Office of Compliance" to "Division of Environmental Policy."

Recommendation K6: Develop a mission statement, goals and objectives, and a work plan for the new Division of Environmental Policy.

Recommendation K7: Revise ordinances to reflect the new organizational structure for responsibility and enforcement.

Recommendation K8: Transfer environmental management duties of the Division of Environmental and Emergency Management (DEEM) to the Department of Environmental Quality. This

Recommendation K9: Transfer air quality responsibilities from the Division of Water and Air Quality to the new Division of Environmental Policy.

Recommendation K10: Enlist the air quality senior planner from the Division of Planning in the process of evaluating air quality opportunities, priorities and staffing needs for the new Division of Environmental Policy.

Recommendation K11: Review staffing requirements for the new Division of Environmental Policy once duties, priorities and workload are firmly established.

Division of Water and Air Quality

Recommendation K12: Rename the "Division of Water and Air Quality" to "Division of Water Quality."

Recommendation K13: Streamline the new Division of Water Quality.

Recommendation K14: Organize the new Division of Water Quality under three operating areas: Administration, Technical Services and Operations.

Recommendation K15: Re-evaluate staffing needs once the requirements of the consent decree are known and fully evaluated.

Recommendation K16: Review transfer of Construction Management and Stormwater Engineering to the Department of Public Works at such time as the division meets the requirements of the consent decree with the Environmental Protection Agency.

Recommendation K17: Modernize the SCADA system in conjunction with planned physical plant and system improvements.

Recommendation K18: Modernize the maintenance management software in conjunction with planned physical plant and system improvements.

Recommendation K19: Complete the physical mapping of the sanitary and storm sewer systems with digital representations included in the GIS.

Recommendation K20: Implement asset management software for the sanitary and storm sewer systems.

Recommendation K21: Develop a comprehensive plan for capital improvements.

Recommendation K22: Define and implement best management practices for stormwater management in Environmental Quality.

Recommendation K23: Implement a stormwater utility that includes funding for stormwater management activities and support functions.

Recommendation K24: Place responsibility for sanitary and storm sewer cleaning with the new Division of Water Quality.

Recommendation K25: Perform preconstruction cleaning and inspection of storm sewers prior to paving.

Recommendation K26: Transfer responsibility for storm sewer inlet adjustment to Streets, Roads and Forestry and charge work to the appropriate activity.

Recommendation K27: Charge actual snow and ice control expenses to the appropriate budget account.

Division of Waste Management

Recommendation K28: Develop a management action plan to implement the recommendations contained within the solid waste management study.

Recommendation K29: Adopt recommendations in option one of the solid waste management study proposing optimization of automated residential collection with the exception of quarterly bulky waste collection.

Recommendation K30: Alternate bulky waste collection and yard waste collection so that services are provided in alternate weeks.

Recommendation K31: Reject option two of the solid waste management study proposing that collection be made semi-automated

Recommendation K32: Adopt option three recommendations of the solid waste management study proposing to optimize commercial frontload collections.

Recommendation K33: Adopt option four recommendations of the solid waste management study proposing to optimize commercial rear load collections.

Recommendation K34: Consider option five to provide full service commercial service after evaluating the division's success in meeting productivity targets established in options four and five of the solid waste management study.

Recommendation K35: Develop an implementation plan to move toward a fee based collection system that encourages recycling and equitably assigns costs.

Recommendation K36: Perform a financial and service evaluation of privatization and/or managed competition prior to the 2011-2012 budget.

Recommendation K37: Begin refuse collection earlier in the day in congested traffic areas.

Recommendation K38: Establish and enforce parking bans on collection days to allow curb access for automated vehicles.

Recommendation K39: Expand implementation of fully automated refuse collection.

Recommendation K40: Divide the non-urban services district areas into a small number of zones and award bids to a single contractor per zone for solid waste and recycling collection services.

Recommendation K41: Use the private collection zones as a baseline comparison for services provided by the Division of Waste Management and potentially for managed competition in the future.

Recommendation K42: Enforce the Division of Waste Management's policy of conducting pre- and post- trip inspections of vehicles used.

Recommendation K43: Institute the use of a checkout list/after action report that will be used to track potential threats to effective service delivery.

Recommendation K44: Make participation in the recycling and yard waste collection programs mandatory, including areas outside the urban services districts.

Recommendation K45: Evaluate the use of cardboard compaction and bailing for the City's commercial customers.

Recommendation K46: Implement a financial plan that will move the Division of Waste Management towards a fee-based system for special collections.

Recommendation K47: Adjust the fee charged for the “Loan-a-Box” program to reflect a portion of the direct and indirect costs associated with providing this service.

Recommendation K48: Add an additional operations manager for collections and reassign two public service supervisor seniors from recycling to collections.

Recommendation K49: Create a route manager position that will be responsible for data collection and reporting associated with the provision of divisional services and the annual review and amendment to collection routes.

Recommendation K50: The Division of Waste Management should continue to coordinate with Computer Services to share an employee.

Recommendation K51: Create a solid waste special revenue fund with customer charges based more closely on cost of services.

Recommendation K52: Provide nominal compensation to temporary work release labor at the recycling facility.

L. Department of Public Safety

Division of Code Enforcement

Recommendation L1: Complete an inventory of rental properties within Lexington-Fayette County.

Recommendation L2: Develop an annual rental inspection program for administration by the Division of Code Enforcement.

Recommendation L3: Develop an inspection fee rate structure that will make the annual inspection program self-supporting.

Recommendation L4: Develop a program that provides inspections at the point of sale for owner-occupied residential units for administration by the Division of Code Enforcement.

Recommendation L5: Develop an inspection fee structure that will make the point of sale inspection program self-supporting.

Recommendation L6: Develop a realistic abatement budget and include it in the original appropriation.

Recommendation L7: Institute a graduated fee structure for housing and nuisance complaint compliance re-inspections.

Recommendation L8: Develop a procedure and policy that is based on expedited lien placement and aggressive enforcement to recover abatement costs and civil penalties.

Recommendation L9: Incorporate a code enforcement module into the property-based development review system in coordination with the Building Inspection Division.

Division of Community Corrections

Recommendation L10: Eliminate the rank of captain.

Recommendation L11: Analyze the feasibility of providing additional work release beds.

Recommendation L12: Meet with the judiciary and prosecutors to develop a policy and plan for more aggressive use of incarceration alternatives.

Recommendation L13: Evaluate the alternatives to providing adult misdemeanor probation.

Division of Enhanced 911

Recommendation L14: Consolidate emergency management and E-911 operations organizationally and physically in the planned regional Public Safety Operations Center facility.

Recommendation L15: Provide the ability for emergency service field units to communicate directly with one another.

Recommendation L16: Eliminate dead spots in radio coverage in the region to be served by the PSOC.

Recommendation L17: Establish a service quality standard of answering 90% of 911 calls within 10 seconds and track performance against the established service quality standard.

Recommendation L18: Implement the staffing recommendations contained in the recent staffing requirements analysis conducted by ICMI.

Recommendation L19: Develop job sharing strategies for professional communicator positions to reduce the turnover and vacancy rates.

Division of Environmental and Emergency Management

Recommendation L20: Transfer environmental management duties of DEEM and the two environmental staff to the Environmental Quality Department.

Recommendation L21: Consolidate the Division of Enhanced 911 and emergency management responsibilities into a single new division reporting to the Public Safety Commissioner.

Recommendation L22: Use the Louisville MetroSafe organizational model to guide implementation of the new division.

Division of Fire and Emergency Services

Recommendation L23: Eliminate the position of assistant chief for Planning and Design.

Recommendation L24: Eliminate the position of assistant chief for Community Services.

Recommendation L25: Eliminate the position of assistant chief for Training.

Recommendation L26: Conduct a study to identify the cause of lapses in radio coverage.

Recommendation L27: Invest in the infrastructure necessary to maintain communications between emergency dispatch and Fire Division operations personnel.

Recommendation L28: Transfer building maintenance responsibility from the Fire and Emergency Services Division to the Department of General Services' Building Maintenance Division.

Recommendation L29: Reassign six sworn Fire and Emergency Services Division's Building Maintenance personnel to the Operations unit.

Recommendation L30: Reassign three civilian Fire and Emergency Services Division's Building Maintenance personnel to the Department of General Services' Building Maintenance Division and absorb the remaining additional 6 sworn building maintenance personnel into fire suppression and EMS operations.

Recommendation L31: Implement a false alarm fee system similar to the system recommended for the Police Division.

Recommendation L32: Develop a plan for periodically rotating firefighter/paramedics between engine companies and paramedic companies.

Recommendation L33: Develop a medical supplies audit protocol.

Recommendation L34: Coordinate with Risk Management to develop a tracking and training program for accident prevention in the Fire and Emergency Services Division.

Recommendation L35: Purchase and install Firehouse data management software to track and analyze important performance data.

Recommendation L36: Coordinate with the Building Inspection Division to provide the Fire Prevention plan review and inspection teams with access to plan review software.

Recommendation L37: Do not change engine company staffing.

Recommendation L38: Require the installation of fire sprinklers in all multi-family, mercantile and restaurant uses with remodels exceeding a cost of \$5,000.

Recommendation L39: Design and implement a program requiring the retrofit installation of fire sprinklers in high-rise buildings.

Recommendation L40: Staff ambulances with two persons instead of the current three.

Division of Police

Recommendation L41: Implement online access for police records.

Recommendation L42: Implement an online reporting system for use by the public.

Recommendation L43: Replace the lieutenant and sergeant with civilian managers in the Central Records section.

Recommendation L44: Adopt the International Association of Chiefs of Police or IACP workload patrol staffing standard.

Recommendation L45: Assign a minimum of 14 additional officers to meet the IACP minimum patrol staffing standard.

Recommendation L46: Update patrol staffing requirements as an element of the biennial budget process.

Recommendation L47: Increase the average target of time for officer-initiated activity to 50% as additional officers are added.

Recommendation L48: Track hours spent responding to calls for service.

Recommendation L49: Establish actual officer availability by tracking hours used for leave and training time.

Recommendation L50: Add new patrol sergeants at a ratio of one sergeant for each eight additional police officers assigned to patrol.

Recommendation L51: Adopt a workload-related staffing methodology to determine staffing levels for investigative units of the Police Division.

Recommendation L52: Assign additional personnel resources to non-patrol units based on the workload-related staffing methodology as additional sworn personnel are authorized in the budget.

Recommendation L53: Develop and install appropriate software to electronically track data needed for the workload-related staffing methodology for investigative units.

Recommendation L54: Track the number of traffic enforcement complaints received, traffic complaint enforcement operations mounted, and labor hours used to determine appropriate staffing for traffic complaint enforcement.

Recommendation L55: Track the number of officer-initiated enforcement operations meeting the established operations standard to determine appropriate staffing for officer initiated traffic enforcement.

Recommendation L56: Reclassify division positions that are filled by sworn staff but do not require the use of police powers to a civilian classification.

Recommendation L57: Purchase computers and software from the state contract.

Recommendation L58: Invoice alarm companies and levy a fine for each false alarm responded to by the Police Division.

Recommendation L59: Establish the rate for false alarm fines based on the actual response cost.

Recommendation L60: Require alarm companies to obtain an annual business license.

Recommendation L61: Set a goal to reduce the number of false alarm responses each year until they account for less than 500 hours total response time.

Recommendation L62: Task the major in the Bureau of Investigations with contacting the San Jose Police Department Gang Investigations Unit to discuss the structure and function of the Santa Clara County Gang Collaborative.

Recommendation L63: Establish a regional gang collaborative.

Recommendation L64: Do not create a new fourth patrol service sector.

Recommendation L65: Create a structured field training program for new sergeants and lieutenants that parallel the field training program for new police officers.

Recommendation L66: Eliminate the position of major in the Traffic Section and place the captain in command.

M. Department of Social Services

Office of the Commissioner

Recommendation M1: Develop social services programs that meet the needs of an aging population.

Recommendation M2: Collaborate with the Parks and Recreation Division to develop a facility that can meet the recreation and social interaction needs of the entire community, including youth, adults and senior citizens.

Recommendation M3: Design a building based on the needs of the populations being served.

Recommendation M4: Fill vacant position at the Cardinal Valley Center.

Recommendation M5: Reassign supervision of the Cardinal Valley Center to the Adult Services Division.

Recommendation M6: Encourage cultural awareness and sensitivity throughout the government and eliminate the position of Multi-Cultural Affairs Coordinator.

Recommendation M7: Relocate the Partners for Youth Program from the Mayor's Office to the Commissioner's Office in the Department of Social Services.

Recommendation M8: Hire a Deputy Social Services Commissioner to manage Commissioners' Office programs, handle day-to-day budget and personnel related duties, and provide internal support.

Recommendation M9: Develop formal standard operating procedures (SOPs) for documenting case information.

Recommendation M10: Incorporate SOPs and documentation requirements into the electronic case management system (discussed in recommendation M12) and require that social workers consistently use the system to enter case information.

Recommendation M11: Bring the case management database development process back on schedule to ensure accreditation status is maintained.

Recommendation M12: Assign one individual (the Deputy Director of Social Services) to oversee the accreditation process.

Recommendation M13: Utilize the department's case management system to track clients who use multiple services and coordinate services among relevant case management personnel.

Recommendation M14: Schedule bi-monthly meetings among case management personnel to share information about clients and available resources.

Recommendation M15: Formalize a process to periodically evaluate existing programs and services to ensure that they meet the needs of the community.

Recommendation M16: Ensure that each program has specific goals, strategies and a work plan that is linked to the strategic plan, as well as established outcome based performance measures.

Division of Adult Services

Recommendation M17: Develop a formalized financial management education program and require client participation as a condition of receiving financial assistance.

Recommendation M18: Develop formal agreements with the non-profit groups housed in the Black and Williams Center that incorporate specific performance goals.

Recommendation M19: Assign management of the Black and Williams Center facility to the Department of General Services' Building Maintenance Division.

Recommendation M20: Reassign the current facility manager as a full-time eligibility counselor in the Division of Adult Services.

Recommendation M21: Develop partnerships to take a multi-faceted approach to dealing with clients with mental health issues.

Recommendation M22: Develop additional educational programs that will help to educate both tenants and landlords concerning their respective rights and responsibilities.

Recommendation M23: Train Adult Services clerical and administrative staff members in conflict resolution techniques to help them more confidently and effectively meet the challenges of the service environment.

Recommendation M24: Provide funding for clients who require transportation to enable them to access Adult Services programs.

Division of Family Services

Recommendation M25: Clarify role definition in the duties of the Family Services deputy director and the division director.

Recommendation M26: Educate program managers about the revised reporting relationships and reinforce the fact that the deputy division director will serve as the chief operating officer.

Recommendation M27: Examine the feasibility of partnering with the Fayette County Health Department to manage health clinic operations.

Recommendation M28: Contract for transportation services for clients of the Family Care Center.

Division of Youth Services

Recommendation M29: Explore the feasibility of transferring operational responsibility for the Day Treatment Center to the Fayette County Public School District.

Recommendation M30: Exclude district court juvenile probation from the responsibilities of the Department of Social Services.

Recommendation M31: Exclude truancy related family court duties from the responsibilities of the Department of Social Services.

Recommendation M32: Provide proactive and positive youth development programs that meet the needs of the community and serve to prevent problem behaviors.

N. Mayor and Advisors

Recommendation N1: Create a standardized departmental review process for items to be submitted through the blue sheet process to ensure consistent and high quality submittals.

Recommendation N2: Adopt standards for the blue sheet submittal package.

Recommendation N3: Implement an electronic blue sheet process routing system.

Office of the Chief Information Officer

Recommendation N4: Reassign the two public information officers (PIOs), as well as the two graphic design employees, that are currently in Parks and Recreation to the Division of Government Communications.

Recommendation N5: Establish a structured process for regular communication among PIOs from the Division of Government Communications, the Mayor's Office, and the Divisions of Police, Fire, and Corrections.

Recommendation N6: Implement web content management software.

Recommendation N7: Incorporate a property-based customer relationship management module into the specifications of the development review system being evaluated for implementation in the Building Inspection Division.

Recommendation N8: Update departmental LexCall contact lists and establish a schedule for updating these lists on a regular basis.

Recommendation N9: Develop lists of frequently asked questions (FAQs) and common issues for each department and division.

Recommendation N10: Incorporate frequently asked questions (FAQs) and common issues into the recommended CRM software.

Division of Computer Services

Recommendation N11: Require LexCall staff to close out complaints in the LexCall system.

Recommendation N12: Develop an Information Technology strategic plan.

Recommendation N13: Staff the PeopleSoft project appropriately by assigning a project manager, assistant project manager, and team leader.

Recommendation N14: Redesign and streamline business processes that are critical to ERP functioning.

Recommendation N15: Establish a system for progress reporting on implementation. These projects always require a great deal of communication, at least weekly updates by the project manager and senior project team members.

Recommendation N16: Identify current skill deficiencies and provide additional training to key technical and line staff to use the new systems more effectively.

Recommendation N17: Reconsider the decision to support the database on the mainframe.

Recommendation N18: Develop a formal work plan for normal software maintenance activities and future customizations and enhancements.

Recommendation N19: Conduct a formal review of the system to identify additional training, changes in processes or configurations that would improve function or efficiency.

Recommendation N20: Centralize the core GIS technical staff including GIS technicians in engineering, planning, and the 911 center.

Recommendation N21: Coalesce redundant data sources and repair references to existing GIS applications.

Recommendation N22: Examine the use of a website content management system for website maintenance and support.

Recommendation N23: Create uniform design standards displaying the government brand consistently throughout web pages from all organizational units.

Recommendation N24: Redesign the website with a focus on the consumer's interests and perspectives, providing clear navigation tools and effective help.

Recommendation N25: Move the webmaster position to the Division of Computer Sciences under direction of the Chief Operating Officer

Recommendation N26: Replace the current building permit and code enforcement applications with a commercial application that supports all building and development functions (planning, building and safety, engineering, and code enforcement).

Recommendation N27: Investigate the use of a Citizen Resource Management (CRM) module provided by the major permit system makers for 311 and other citizen request functions.

Recommendation N28: Convert existing permit records and all code enforcement case records that are not subject to purging to the new system.

Recommendation N29: Evaluate the use of a Computerized Maintenance Management System (CMMS).

Recommendation N30: Consolidate management of CAD and other software licenses under the Computer Services Division in order to reduce compatibility problems by maintaining consistent versions and to manage costs across the wider organization.

Office of Policy and Budget

Recommendation N31: Implement a biennial budget process.

Recommendation N32: Convert budget preparation and presentation to a program budget format.

Recommendation N33: Track costs for each program, including overhead, capital and benefits, so that unit costs can be identified accurately.

Recommendation N34: Develop a financial condition indicators inventory/index.

Recommendation N35: Update the financial conditions analysis as an element of the biennial budget process and provide the results of the analysis as the initial step in budget preparation.

Recommendation N36: Adopt written objectives/policies regarding financial condition indicators.

Recommendation N37: Develop formulae for full cost recovery for fee-based services and update the full cost recovery calculation as an element of the budget process.

Recommendation N38: Implement a detailed capital planning process for development of a multi-year capital budget.

ATTACHMENT E-1 SUMMARY OF EMPLOYEE SURVEY

Number of Responses by Department

	Number of Respondents	Percentage of Total
Council Office	15	1.45%
Social Services	16	1.54%
Mayor's Office	18	1.74%
Law	25	2.41%
Government Communications	27	2.61%
Environmental Quality	47	4.54%
Finance and Administration	53	5.12%
Prefer Not To Say	98	9.46%
General Services	134	12.93%
Public Works and Development	172	16.60%
Public Safety	431	41.60%
Total	1,036	100.00%

Respondents by Age

	Number of Respondents	Percentage of Total
30 and Under	77	7.43%
31 - 40	267	25.77%
41 - 50	306	29.54%
51 - 60	199	19.21%
61 and Over	39	3.76%
Prefer Not To Say	148	14.29%
Total	1,036	100.00%

Respondents by Gender

	Number of Respondents	Percentage of Total
Perfer Not To Say	139	13.42%
Female	267	25.77%
Male	630	60.81%
Total	1,036	100.00%

1. There is good communication within my division.	
Law	2.48
Environmental Quality	2.49
Public Safety	2.62
General Services	2.62
Citywide	2.69
Prefer Not To Say	2.72
Public Works and Development	2.75
Government Communications	2.78
Social Services	3.00
Council Office	3.08
Finance and Administration	3.08
Mayor's Office	3.22

2. There is good communication within the overall City organization.	
Environmental Quality	2.17
Government Communications	2.33
Public Safety	2.36
Law	2.36
Citywide	2.40
Prefer Not To Say	2.41
Public Works and Development	2.43
General Services	2.45
Council Office	2.50
Mayor's Office	2.56
Finance and Administration	2.58
Social Services	2.73

3. I have a clear understanding of the mission and goals of my department.	
Law	2.64
Environmental Quality	3.15
General Services	3.19
Government Communications	3.22
Citywide	3.26
Public Works and Development	3.26
Public Safety	3.27
Prefer Not To Say	3.30
Council Office	3.33
Finance and Administration	3.44
Social Services	3.47
Mayor's Office	3.61

4. I have a clear understanding of the mission and goals of the overall City organization.	
Environmental Quality	2.64
Law	2.68
Public Safety	2.75
General Services	2.75
Citywide	2.82
Government Communications	2.93
Public Works and Development	2.93
Prefer Not To Say	2.93
Finance and Administration	2.98
Mayor's Office	3.00
Social Services	3.20
Council Office	3.25

5. I have a clear understanding of my job responsibilities and expectations.	
Law	3.12
General Services	3.40
Government Communications	3.44
Environmental Quality	3.47
Prefer Not To Say	3.49
Citywide	3.51
Public Safety	3.52
Public Works and Development	3.55
Mayor's Office	3.56
Council Office	3.58
Social Services	3.60
Finance and Administration	3.70

6. I have the information I need to do my job.	
Law	2.76
General Services	3.04
Government Communications	3.15
Prefer Not To Say	3.18
Citywide	3.20
Public Works and Development	3.20
Environmental Quality	3.21
Public Safety	3.24
Mayor's Office	3.24
Finance and Administration	3.42
Social Services	3.53
Council Office	3.58

7. I am encouraged to bring new ideas to my supervisor.	
Law	2.50
Government Communications	3.00
Public Works and Development	3.02
Public Safety	3.08
Citywide	3.10
General Services	3.10
Prefer Not To Say	3.12
Environmental Quality	3.13
Mayor's Office	3.28
Social Services	3.47
Council Office	3.50
Finance and Administration	3.56

8. I am encouraged to use my own judgment and initiative when carrying out my job.	
Law	2.80
General Services	3.19
Prefer Not To Say	3.23
Public Works and Development	3.25
Public Safety	3.26
Citywide	3.27
Environmental Quality	3.36
Council Office	3.42
Mayor's Office	3.44
Finance and Administration	3.48
Government Communications	3.50
Social Services	3.60

9. I feel appreciated by my division's management.	
Law	2.28
General Services	2.58
Public Safety	2.66
Environmental Quality	2.70
Government Communications	2.70
Citywide	2.72
Prefer Not To Say	2.73
Public Works and Development	2.77
Social Services	3.00
Finance and Administration	3.11
Mayor's Office	3.17
Council Office	3.42

10. My supervisor does a good job of involving me in decisions that affect me and my work.	
Law	2.12
Government Communications	2.81
General Services	2.94
Citywide	3.02
Public Safety	3.03
Public Works and Development	3.05
Environmental Quality	3.11
Mayor's Office	3.11
Prefer Not To Say	3.11
Finance and Administration	3.13
Social Services	3.29
Council Office	3.33

11. Employees in my division work well as a team.	
Law	2.40
Environmental Quality	2.72
Prefer Not To Say	2.80
General Services	2.81
Government Communications	2.81
Council Office	2.83
Public Works and Development	2.90
Citywide	2.95
Finance and Administration	3.00
Public Safety	3.07
Social Services	3.20
Mayor's Office	3.28

12. There is good teamwork between the City's departments.	
Public Safety	2.04
Environmental Quality	2.30
Council Office	2.33
Public Works and Development	2.39
General Services	2.41
Citywide	2.42
Law	2.44
Prefer Not To Say	2.47
Government Communications	2.48
Finance and Administration	2.53
Mayor's Office	2.61
Social Services	2.79

13. Employees in my division are held accountable for the results of their work.	
Environmental Quality	2.55
General Services	2.58
Government Communications	2.74
Council Office	2.75
Law	2.83
Public Works and Development	2.84
Citywide	2.86
Prefer Not To Say	2.90
Public Safety	2.93
Finance and Administration	3.11
Social Services	3.20
Mayor's Office	3.33

14. My supervisor encourages employees to improve our work methods and systems.	
Law	2.84
Environmental Quality	2.98
Public Works and Development	3.00
Government Communications	3.07
General Services	3.08
Citywide	3.10
Public Safety	3.12
Prefer Not To Say	3.13
Council Office	3.25
Mayor's Office	3.33
Social Services	3.33
Finance and Administration	3.36

15. When mistakes are made, my supervisor emphasizes lessons learned rather than placing blame.	
Law	2.56
General Services	2.74
Government Communications	2.81
Public Works and Development	2.90
Citywide	2.92
Public Safety	2.93
Environmental Quality	2.96
Prefer Not To Say	2.99
Social Services	3.07
Mayor's Office	3.17
Council Office	3.25
Finance and Administration	3.28

16. My division has the technology we need to do our jobs efficiently.	
Public Safety	2.52
General Services	2.54
Public Works and Development	2.55
Citywide	2.59
Prefer Not To Say	2.63
Environmental Quality	2.65
Finance and Administration	2.66
Law	2.76
Social Services	2.93
Council Office	3.00
Mayor's Office	3.00
Government Communications	3.07

17. My division has the equipment we need to do our jobs efficiently.	
General Services	2.51
Public Safety	2.58
Public Works and Development	2.59
Prefer Not To Say	2.61
Citywide	2.63
Environmental Quality	2.68
Law	2.72
Finance and Administration	2.85
Social Services	3.00
Government Communications	3.04
Mayor's Office	3.11
Council Office	3.25

18. My division has the personnel and resources we need to do our jobs efficiently.	
Public Safety	2.19
Law	2.24
Prefer Not To Say	2.27
General Services	2.30
Citywide	2.34
Public Works and Development	2.42
Environmental Quality	2.48
Social Services	2.73
Government Communications	2.78
Finance and Administration	2.81
Mayor's Office	2.88
Council Office	3.25

19. The Civil Service selection process ensures the best qualified candidates are selected for vacant positions.	
Environmental Quality	2.00
Government Communications	2.04
Public Works and Development	2.13
Council Office	2.17
Finance and Administration	2.17
Citywide	2.20
Public Safety	2.20
General Services	2.25
Prefer Not To Say	2.25
Mayor's Office	2.35
Law	2.52
Social Services	2.67

20. I am proud of the work I do for the City.	
Law	3.48
Government Communications	3.56
Public Safety	3.58
Citywide	3.61
Environmental Quality	3.64
Finance and Administration	3.64
General Services	3.66
Public Works and Development	3.67
Social Services	3.73
Council Office	3.75
Mayor's Office	3.78
Prefer Not To Say	3.54

21. Overall, I think LEXINGTON is a good place to work.	
Law	2.96
Environmental Quality	3.24
Public Safety	3.25
Citywide	3.33
Council Office	3.33
General Services	3.34
Prefer Not To Say	3.34
Government Communications	3.44
Finance and Administration	3.45
Public Works and Development	3.47
Social Services	3.47
Mayor's Office	3.61

22. Employees treat each other fairly and with respect.	
Law	2.48
Environmental Quality	2.68
Prefer Not To Say	2.69
Public Works and Development	2.85
Citywide	2.86
Government Communications	2.88
Public Safety	2.89
General Services	2.90
Finance and Administration	3.00
Mayor's Office	3.00
Social Services	3.13
Council Office	3.17

23. Policies and procedures are fairly applied to all employees in the organization.	
Environmental Quality	2.19
Law	2.24
Public Works and Development	2.29
Public Safety	2.30
General Services	2.30
Government Communications	2.30
Citywide	2.37
Prefer Not To Say	2.42
Social Services	2.60
Finance and Administration	2.62
Mayor's Office	2.72
Council Office	2.75

24. Employees are expected to maintain high standards and ethics.	
Environmental Quality	2.87
Prefer Not To Say	2.93
General Services	2.95
Government Communications	2.96
Public Works and Development	2.96
Citywide	3.02
Public Safety	3.06
Council Office	3.08
Finance and Administration	3.11
Law	3.12
Mayor's Office	3.22
Social Services	3.40

25. When there are job openings in LEXINGTON, I encourage people I know to apply because I think our organization is a good place to work.	
Law	2.72
Council Office	2.92
Environmental Quality	2.94
Prefer Not To Say	2.97
Public Safety	2.98
General Services	3.03
Citywide	3.05
Government Communications	3.15
Finance and Administration	3.19
Social Services	3.20
Public Works and Development	3.26
Mayor's Office	3.33

26. The organization's policies and procedures do a good job of helping employees deliver effective and efficient service to the community.	
Environmental Quality	2.73
Council Office	2.75
General Services	2.77
Government Communications	2.78
Law	2.80
Citywide	2.87
Public Safety	2.88
Finance and Administration	2.89
Prefer Not To Say	2.90
Mayor's Office	2.95
Public Works and Development	2.95
Social Services	3.00

27. Employees are recognized for their contributions.	
Law	2.04
General Services	2.26
Environmental Quality	2.30
Citywide	2.37
Prefer Not To Say	2.37
Public Safety	2.38
Public Works and Development	2.40
Government Communications	2.44
Social Services	2.47
Finance and Administration	2.49
Council Office	2.67
Mayor's Office	2.67

28. I receive the training I need to do my job.	
Government Communications	2.69
General Services	2.72
Environmental Quality	2.85
Public Works and Development	2.91
Law	2.92
Citywide	2.96
Mayor's Office	3.00
Prefer Not To Say	3.00
Public Safety	3.02
Finance and Administration	3.15
Council Office	3.33
Social Services	3.40

29. I feel there are opportunities for growth and advancement within the organization.	
Law	2.16
Prefer Not To Say	2.45
Social Services	2.53
General Services	2.59
Environmental Quality	2.65
Government Communications	2.67
Finance and Administration	2.68
Public Works and Development	2.73
Citywide	2.75
Mayor's Office	2.78
Council Office	2.83
Public Safety	2.92

30. Exceptional customer service is a high priority in the City.	
Council Office	2.58
Public Safety	3.02
Citywide	3.11
Government Communications	3.11
Prefer Not To Say	3.11
Environmental Quality	3.13
Finance and Administration	3.13
General Services	3.14
Public Works and Development	3.26
Law	3.32
Mayor's Office	3.33
Social Services	3.36

31. My division's management demonstrates leadership, fiscal responsibility, understanding, continuous improvement and great service.	
Law	2.56
Environmental Quality	2.70
Public Safety	2.71
Government Communications	2.78
Prefer Not To Say	2.80
Citywide	2.81
General Services	2.81
Public Works and Development	2.86
Council Office	3.25
Social Services	3.27
Mayor's Office	3.33
Finance and Administration	3.36

ATTACHMENT E-2 RESULTS OF EMPLOYEE FOCUS GROUPS

What does LFUCG do well?

- Parks does well
- Makes it hard to get things done!
- LexCall
- Hopefulness with the new administration
- Police do a good job addressing community concerns
- Recycling program
- Fire department – close fire stations/hydrants
- Following rules – rule driven organization

What could LFUCG do better?

- Parks – moving capital projects forward
- Parks – equity in the quality of parks and play equipment in various neighborhoods
- Too internally focused – Act like government
- Not community or customer oriented – internally or externally
- LexCall and code Enforcement – does not work as intended; software not compatible; lack of response
- Building Inspection “Not our job” – poor follow through, slow
- Silo building g—limit/reduce the silos that exist – need to change the overall mentality of government
- Policy decisions made without proper authority – failure to communicate
- What should go to Council needs to be examined
- Website is hard to navigate
- Accountability – overall – top to bottom!
- Nothing here that cannot be improved
- STARS
- Engineering – moving capital projects forward
- Police – referrals to Council office
- “Call your councilmember” is a catch-all response from LFUCG employees (especially police)
- Working through entire chain of command to get information – specifically with police – less access for Council office than a resident!)
- Communication – lack of – quality of
- Lack of strategic direction and planning
- Lack of stability – leadership changes every 4 years

What works well with regard to how the Executive branch works with Council staff?	What could be better about how the Executive branch works with Council staff?
<ul style="list-style-type: none"> • Employees are willing to work on an individual basis, but the institution gets in the way • People are responsive 75% of the time – prompt, and willing to help • Code was GREAT to work with until the reorganization with LexCall • When Council and administration agree things get done – but that happens rarely • Administration was good about giving Council a “heads up” in the beginning – but lately this is slipping 	<ul style="list-style-type: none"> • Staff is afraid of repercussions when they try to be helpful to Council • Administration “broke” Code Enforcement when they “fixed” it by sending calls to LexCall (report generation issues, confusion, etc.) • Administrative Aide to Mayor not functioning as a cohesive go-between with Council and Mayor – used to work well • Understanding roles • Power over agenda – should be a legislative prerogative • Communication about agenda items from administration to Council staff – no staff reports on agenda items • Engage in problem solving!

Ideas for efficiency

- Move to a zero based budget
- Institute performance management
- Look at budget surpluses (division and department levels)
- Create incentives to be more efficient – not just dollars – motivation – understanding there is a need for efficiency
- Need for cultural/institutional change
- See reasons/outcomes of efficiency
- Program overlaps and lack of clarity for “who does what”
- Review the Charter – getting state legislation to override charter – internet was not around – needs updated
- Implement studies that are done!

What outcomes would you like to see from this study?

- Better government
- Motivation to initiate change
- Faster, better, lowest practical cost
- Cultural mindset change from “cannot do this” to “How can we get it done”
- Putting words into effect
- Implement the recommendations
- Communication with follow-through and accountability

“All” Employee Focus Group

What does LFUCG do well?

- Paperwork/publications
- Good we are working to improve technology
- Sick pay
- Good cooperation between divisions
- Accessibility to Councilmember's and Mayor for staff and the public
- Clean City
- 101 customer services ids good for developers working with LFUCG
- Response time for general complaints is short
- Activities/special events
- HR Training
- Website is thorough
- LexCall is a good service
- Parks – diverse activities for all ages
- Police/Fire are well trained
- Benefit package is excellent
- Streets, Roads, and Forestry do a great job with snow removal
- Solid Waste and Sanitation are very responsive and customer-friendly
- LexCall has been a wonderful addition to the City, makes both citizens and employees happy
- Some managers and directors throughout the City are very open to employees and encourage communication and feedback
- Most LFUCG employees take a lot of pride in doing their job well
- Very responsive – 87% satisfaction rate from citizens
- Frontline employees really care about doing a good job and trying hard
- City has a great benefit package
- Excellent Park System
 - Great services
 - Wonderful facilities
 - Good programs for all people
- Public Safety is very responsive to the community's needs
- Community involvement is a government value
- Council is very available to residents
- HR is supportive of managers
- HR functions well with employee relations

What could LFUCG do better?

- Less policy flip-flop – treat all the same not just based on who you are
- Policy applications within government (varies by department – when you can take vacation ,etc.) – favoritism
- Solid waste should not pick up during morning rush hour on primary roads
- Uniform standards of professionalism – dress code for administrative offices
- Do away with single incumbents in pay classifications/title – pay equity issue
- Building security for employees
- More cooperation between divisions
- Less finger pointing – deflecting accountability “not my area”

- Better top-down communication on everything internally from polices to events – need more direct communication and less reliance on trickle down through the chain of command – it doesn't happen
- HR is not in the right place in the organization
- Better up front work on the phone – listen to customer before transferring calls
- More emphasis on education in hiring process and on quality of experience, not just quantity
- Personnel decisions – too much based on individuals versus what the organization needs
- Look for efficiencies before adding more staff
- Distribution of job tasks is poor – some overworked – some trying to look busy!
- No focus on quality
- Resources are channeled to police and Fire to the exclusion of valid needs in other areas
- Civil Service ties the hands of HR – rules constrain efficiency
- Need to focus on cross-training and knowledge transferring
- More pay for certifications and knowledge – nuisance officers versus Housing Inspectors – nuisance officers have no certifications, housing inspectors are required to have them – the pay is inequitable
- Over ten years ago – raises were budgeted first – when the organization went to Mercer raises were not budgeted 'til end – employees get what is left over
- Decision to get rid of desktop printers – fine – but we don't have working copiers – at end of year we all buy extra cartridges for printers – what do we do with the excess? Need to communicate decisions better
- Raises should be performance based
- No longer recognize civil service employee association (don't treat them like a union)
- Need Para-professional job classifications to fill gaps
- Communication within departments – no all staff meetings – need those on a regular basis
- Field inspectors need to return phone calls and be available for customers
- Building Inspection has lunch from 12 to 1, but should be available during lunch hour for customer
- Extreme inconsistency in treatment of employees
- Office personnel (downtown) are not punctual
- Smoking breaks need to be managed
- Building inspectors who have certifications get the same pay as inspectors w/o certifications
- The organization doesn't deal with change very well
- STARS program is still getting sorted out
 - It was over-sold
 - Employees were initially resistant
 - No staff involvement at the selection and design phases
 - Has been a general nightmare
- The City should emphasize bidding for quality, rather than lowest price
- Often things going on within the government will be found out by employees through the grapevine or the news media, rather than their commissioners or supervisors
- Hard to get the materials necessary to do their assigned duties

- There are many, many, levels of approval for routine work
- There is a lot of confusion over in the Law Department
 - Takes WAY too long to get a title search from the paralegals
 - Cannot pin anyone down to get a legal opinion
 - No one really knows who is responsible for what
- Pay is very low – way below market and lower than most other cities
- Solid Waste really drops the ball in the UK neighborhoods
- There is no supervision to Solid Waste, no one answers questions or is held accountable
- The City should not have done away with the Property Management Department
 - Used to be on top of it
 - Diffused responsibility means nothing gets done
 - There is no additional time or money to do this – the budget disappeared with the department
- Communication needs to be improved
 - Between staff
 - Division
 - Management
- There is no incentive to go above and beyond the minimum requirements
- Managers do not consistently enforce policies or ensure that work is being completed
 - They don't want to deal with the problem
 - Managers will more often than not ignore the issue or work around problem employees
- There is a four month long gap in between the termination of an employee and the corresponding civil service hearing
- No recourse for employees that have bad managers – told by other managers and HR that complaining will ruin their careers
- There is an unequal application of rule and regulations that is seemingly race-based
- Law Department is not accountable to anybody
- Law is unresponsive to the needs of employees who rely on their expertise in their routine duties
- Human Resources is disappointing
 - Misclassifications
 - Horrible, ever present, pay inequities
 - no recourse for managers to fix these problems on their own
 - Do not seem to want to fix the problems
- Only way to get a raise is through a reclassification or cost of living allowance
- The completion of “other duties as assigned” is not accounted for in the salary calculation
- The funding and personnel that are required to fix HR is non-existent and will not be any time soon
- “It's not my job/I've got XX years left, and I don't care” attitudes
 - Very negative
 - People seem to be beaten down over the years

Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals, and/or micro-management?

- Paperwork – to get a \$10 business license it requires two forms and stopping by two departments – Treasury and Building
 - Need to make better use of technology
- Redundant services, i.e. Deputy Directors do a lot of ER/HR work – but that isn't their training/background – needs to be centralized in HR
- Lack of clarity in goals for individuals, divisions and departments
- BI Program (tech application) is outsourced – should be part of technology department
- Grievance process – needs to be more transparent – networking, Lex-Call/Citizen Advocate – data base vs. emails – others can't access BI complaints, etc.

Ideas for efficiencies

- Mandatory management training with accountability – short-term cost, but long-term savings
- IT Courses – more offerings
- Purchasing – travel procedures – use online resources and PCards, etc. – office supplies could do better @ mega stores then through our vendors
- Kiosks for employees and citizens
- Intranet is under utilized
- Provide training so we can better utilize staff resources
- Personal development plans – career management for employees
- Administrative offices should not be open 24/7 – lock and secure facilities at certain times (overnight)
- More accountability top to bottom
- Be thrifty – save \$\$ @ end of year instead of encouraging spending
- Green-up our government
- Implement – cycle of change is frustrating – something needs to come from this study
- Implement a STEP system for compensation
- More day-to-day involvement in operations from managers and supervisors
- More consistency and supervision from managers
- Job-specific performance evaluations
- Some sort of pay-for-performance
- Create a way to implement management accountability
- Enforce the management training requirements in HR – put some teeth in the regulations
- There needs to be a vision articulated from above, and employees need to buy into that vision
- Bring back the suggestion box
 - Employees have good ideas
 - Easier to get ideas to the top
 - Made them feel valued
- There HAS to be some way to recognize employees that do a good job
 - There isn't even an "employee of the month" program
 - Could make it division-wide

- Better utilize the employee newsletter
- Get more information on the intranet that is useful
- Please, at the very least, say thank you
- Not many employees have met their respective commissioner
- The Mayor has been very visible and vocal to and about employees and their work – it is noticed and appreciated
- Commissioners need to be more plugged into the work their employees are doing
- Support more training for employees
- Foster a greater understanding of the work other divisions do – employees want to know how their work fits into the big picture and know the different services the City provides
- Have commissioners attend neighborhood meetings
- Commissioners should tour their facilities
- Basic respect needs to be shown to employees and their work, even if that work is not glamorous
- Increase teamwork and collaborations between divisions

Streets and Roads Employee Focus Group

What does Streets and Roads do well?

- Snow removal
- Quantity and quality of work
- Public service
- Emergency response
- Fast response to complaints
- Work well with other divisions
- Safe workplace – one of few divisions with safety coordinator
- Efficient
- Maintaining storm sewers
- Courteous and helpful
- Tree crews do a good job
- Streets and Roads does a good job overall

What could Streets and Roads do better?

- Communication – Citywide issue
- Streets and Road is the step-child of LFUCG – two offices away from downtown
- More types of equipment
- More staff – snow removal operations always short drivers
- Forestry – short staffed more equipment than people
- Replacing staff is slow – long drawn out...biased towards older applicants because of way experience is weighted by HR
- PO Process – takes too long to get parts & equipment (we need P-Cards)
- Time keeping system stinks – CHRONOS put in to because of problem in solid waste now all blue collar workers are punished – no downtown workers are required to punch in – even management has to punch the clock!
- Buildings need replaced – can't drink from water fountain
- Need a truck wash – fleet won't let us use theirs
- Compensation for being on-call is not good
- Harsh treatment for "failure to respond" to pages
- HR – grievance process is a black hole
- Non-public safety workers are second class citizens
- Overlap/confusion with state responsibility – which road – other infrastructure
- Streets & Roads get the trickle down of what others won't do
- Have to borrow special equipment (cameras) from sanitary sewers
- Other divisions don't help Streets & Roads as well as Streets & Roads stands ready to assist

What support is needed from Commissioner/Mayor?

- Get jobs filled – fix the hiring process
- Recognize staffing needs of non-public safety staff
- They need to know what we do – promise to fix things we are not responsible for, etc.
- Come see us! Seen Mayor and Commissioner 1 time
- Do snow ride along all night
- Pay scale – compensate us fairly – people come in making more than others who have been here!

- HR ranks candidates – they don't understand our jobs/needs
- Building & Engineering inspects initial work – accepts it, but it is sub-par and a year later Streets & Roads is back fixing it – complaints about street cuts where shoddy repairs are done by others are ignored by Engineering and we have to fix
- Need to ensure repeat problems are fixed, not repeatedly patched by Streets & Roads

Process Reform Ideas

- Administrations plan, change and don't implement anything
- Purchasing – low bid = low quality
- Too many approvals for small purchases – 3 signatures for under \$500 BEFORE it goes to purchasing
 - Worker
 - Division purchasing agent
 - Division secretary
 - Division director
 - Purchasing buyer – then you wait...
 - Then the PO comes back
- Result is you lose out on unique and perishable products – i.e. need to buy 10 Oak Trees – then they are gone
- Can't take advantage of sales
- Ordinance loopholes – it is illegal to rake leaves in streets, but there is no enforcement so Streets & Roads cleans the fall cleaning up clogged sewer lines
- Council interference – go around chain of command
- LexCall process is broken – information is inaccurate – it could work but doesn't. People working LexCall are uninformed about what the City does (i.e. resident calls to have a tree in their yard taken down – work order is generated – then the arborist has to be the one to call back and tell them City doesn't remove private trees – resident has built up an expectation) LexCall staff put in 0 for an address when they don't know the address for the "Pizza Hut on X Road" – workers get a work order in the field, have to drive up and down to figure out if there is a pizza hut...LexCall could look up the address online or in the phone book and give out better information

Ideas for Efficiency

- Mayor's office has a lot of staff
- Council aides make a lot of money – what do we need them for? They just pass on work to others
- White shirts in Police & Fire – nobody has looked at that, seems bloated
- Why do the police need helicopters?
- The ABC Unit has more staff than the state!
- Stop unnecessary position upgrades (HR/Risk Management)
- Make management training relevant (continue with this)
- Better work between divisions – change direction, waste time, money and resources
- Duplicated equipment – P&R has a stump grinder? Why?
- Noise ordinance limits the work that can be done before 9 AM
- Right equipment for the job – we need what is spec'd

- Need a second location for a salt barn – in efficient to drive back to main barn to load up during snow events

Solid Waste Focus Group

What does solid waste do well?

- Workers do their best to be efficient, professional, etc.
- Heavy equipment is good
- Division does a great job – go above and beyond what we are asked to do
- Respond well to emergencies
- Provide more service than a private hauler would
- “No fault” truck is exemplary
- Excellent customer service

What could solid waste do better?

- Better communication with fleet services
- Better opportunities for division to speak publicly when politicians make the division into a political football
- Hours incentive program (working on tasks) needs to continue – work with staff before making changes
- What happened to chemical collection? Need to get this out of waste stream
- Hourly employees schedule variations – what are their roles?
- Focus on educating customers about service levels, rules, etc.
- Employees need time to take advantage of City offered training
- Address morale issues – get away with lots if they really need you
- Disciplinary process not perceived as being equitable
- Need to translate materials and advertise on Spanish TV/Radio to help get compliance in Cardinal Valley
- Need to do cardboard collection – people steal things put out for recycling!
- Communication within solid waste is poor, no staff meetings, etc.
- Need to clarify who is in charge of who/what @ solid waste – everyone tries to be in charge
- Recycling is understaffed

Social Services Employee Focus Group

What does LFUCG do well?

- Exceptional departments/divisions and staff
- Great interaction and support to the community from the City – neighborhood associations, etc.
- Council very involved with the community
- City could handle water utility if vote passed
- Departments work well with one another – very responsive
- Effort to get social services staff to know each other and what everyone does (Management)
- Creative ways to get around problems – email issues
- Adult Education program is great
- Health clinic and childcare @ Family care center
- Staff training opportunities (HR training & development)
- Customer Service
- Management training on the customer service end
- Social Service collaborates well with other outside agencies
- Serve clients in a timely manner
- Good EAP program through LFUCG

What could LFUCG do better?

- STARS
- Slow hiring process
- Social Service polygraph tests are humiliating, unclear about who should take the test (Social Services but not Parks)
- No courier service – mail and other info that has to go downtown – staff has to leave work to run errands
- Very difficult to fire problem employees
- Accept substandard work (too hard to discipline staff)
- Unclear about liability issues on clinical side of Social Services
- Poor internal communication
- Change rules quickly and without notification of staff
- STARS is not specific to what is done in the City – especially Social Services; does not give out correct information – notifications – access is limited and what can be done is also very limited
- Not all necessary forms are on the R-Drive – must request that HR sends them in the mail
- Forms in PDF but can only read them – need the software to be able to complete PDF files
- No system in place to collect good, usable data for performance measurement
- Just because it is cheaper does not mean its better
 - Low bid
 - Hired companies who are low performers
 - Contractors do not clean the facilities properly and they are expensive
- Family care center hired their own facilities management staff
- Performance evaluations are meaningless – told not to give the evaluations because of this

- Current performance evaluation system does not work
- STARS does not work – not user friendly
- Especially for return retired staff
- Shorten the hiring process – four to six months you lose good people
- Establish meaningful performance evaluation and compensation system
- Get rid of STARS and replace with system that works – follow employee recommendations
- Give employees the option of taking unpaid leave
- Implement succession planning
- Attrition committee – is it necessary for every position
- Have an accessible list of contractors for ordering supplies
- Improve communication about process changes
- Loss of institutional knowledge
- Increase staff for building and maintenance – only
- Improve the social service hiring process
- Polygraph for hiring process – other agencies that work with kids do not go through this
- Electronic signature machine – everything has to be hand carried
- Slow to pay – vendors won't do business with LFUCG because of this
- Review position descriptions and possibly reclassify positions
- Need PCards to buy off the internet
- Allow job sharing
- Improve morale and save \$
- Keep benefits but work less hours for less pay

Parks and Recreation Focus Group

What does Parks and Recreation do well?

- Programming: diversity, quality and variety! After school program (ESP), education programs, camps, etc.
- Mowing – Parks look great!
- Customer service
- Keeping parks up – keeping them clean
- Maintaining our buildings and equipment
- Good relations between maintenance and recreation programming staff
- Maintaining the number of ballfields
- Community relations – work with outside agencies
- Work well together
- Show-up (good attendance)
- Special events
- Good Programs
- High level of community involvement
- Provide the programs that the community wants
- Are good team players – always helping other departments
- They do everything to the best of their ability
- Interact well with the community
- The golf program is well run and extremely well-organized

What could Parks and Recreation do better?

- Communication – top to bottom!
- Replace unsafe playground equipment
- Update facilities
- Too much deferred maintenance
- Resurface tennis and basketball courts
- Better use of work order system – more specific information needs to be provided from internal requests (have a committee of workers who receive work orders help define them!)
- Underutilize acreage – look for opportunities to sell, build habitat homes, etc. don't just keep land for sake of keeping it
- Add staff to meet growth
- No permanent source of funds for maintenance
- Advertise jobs in-house first to encourage promotion opportunities
- Purchasing – inventory control – takes minimum of 4 weeks to get things; people/vendors won't take Pos because the City doesn't pay
- Decisions on where to invest \$\$\$ is political and not based on needs
- STARS
- Lack of equity in uniform allowance (inside vs. outside workers have different needs)
- Provide \$\$ for preventative maintenance instead of responding to emergencies
- Let us do our job – management within Parks and Recreation micro-manages – makes staff afraid
- Look to staff for ideas and suggestions
- Be open to new ideas/suggestions – City is too set in its ways

- Do fewer better (special events)
- Take politics out of special events
- Take politics out of everything
- Employee share of healthcare is expensive – benefits have been watered down over the years
- Shift in attitude about work/life issues – need to end the adversarial relationship between management and staff
- Support employees – benefits for family (i.e. daycare, gym memberships, etc.)
- Training more specific to job duties – need to invest in staff
- HR Training courses are useless – should outsource this (except computer classes)
- Pay for staff certifications – pesticide applicators, CDL costs, etc.
- Internal communication needs to be better – especially between management and staff
- There is an over-reliance on email and telephones – especially when the person is just across the hall
- Very busy
- There are many vacancies that have not been filled
- Some upper management condescend and look down on employees
- STARS is a mess for purchasing
 - Slower
 - Tons of technical problems
 - Many unexplained changes
 - Skipped a day on the golf course = everything redone by hand
- There should be more individualized training for employees when huge changes take place
- Supervisors and managers do not understand what employees do and what they need – especially in technology matters
- Employees are not included in decisions that effect working conditions requirements
- The lack of top-down communication creates a lot of unnecessary confusion
- Management makes decisions that do not take into account the length of time that decision will take to carry out
- HR is not easy to work with – very rigid in their interpretation of the rules and will not judge case by case
- There is a double standard in the way people are treated – some people are chronically late and nothing is ever said about it to them by managers – meanwhile if a person that comes in early all the time comes in late, there will be comments
- Each supervisor decides how to handle their employees – there is not a universal adherence to the rulebook
- There are many unhappy Parks and Recreation employees because of HR
 - HR doesn't support staff
 - They do not honor confidentiality- when employees go to HR, they will call that employees supervisor and tell them what happened
 - Not an advocate for employees at all
- There is little or no communication between people, things often end up getting worse
- Management staff will not give a common greeting or acknowledge staff

- The department has seemed to outgrow itself
- The Director is clearly overworked and on the verge of being overwhelmed

What support is needed from Commissioner/Mayor?

- Collective bargaining for all or none
- Adjust maintenance pay scales throughout parks
- Same pay grade for same work
- Probation after promotion – provide protection if not successful
- Provide equipment that has been promised – like general printers
- Provide better equipment
- Give a desk to receptionists that must do computer work as part of their job - not ergonomically correct
- There is no building security, there are some concerns about safety
- Take voice mail off front-desk phones and have it roll over - citizens want to talk to somebody immediately and with all the things going on up front, its hard to get to voicemail
- Understand that Parks and Recreations work flow is cyclical rather than steady throughout the year, and keep that in mind when staffing questions and concerns are raised – there is usually always a good reason

Process Reform Ideas

- Hiring process – HR decides to 5 and they don't know the job!
- Minimum qualifications are not germane to the job
- Purchasing – you have to reprice each time you buy something – excessive approvals – takes too long -- 3 approvals to leave the department then it goes to purchasing and stalls
- Position upgrades/reclassifications – takes too long – who decides which positions get studied, etc.?
- Upgrades of individuals gets around promotional opportunities with is equitable – this is a morale issue
- Disciplinary process – out of division to neutral (employee representative or advocate)
- Drug testing for one or for all
- Fleet – who decides when equipment is replaced and what kind of equipment is needed?
- Low cost is not best!
- Budget process – from submittal to telling us what we get is too long, there is no communication once people prepare their budgets
- Grants process – poor communication with grants office and parks office – unable to spend money, the grants person doesn't talk to right people internally
- Transfer process needs to work more smoothly
- RecTrac requires that all daily sheets from the golf course must be entered by hand by the 5th of the month – also needs to be keyed into STARS
- Revenue reports, RecTrac reports, and Dedicated Fee reports must all be done at the same time – all because management doesn't know how to read a RecTrac report
- Reservations are often sent in without complete information – this creates much more work for the office staff

- By ordinance, seasonal workers cannot work for more than 6 months – yet the golf courses are staffed by a majority of seasonal workers and operate for 9 months at a time
 - This requires new accounts to be set up for everybody = tons of extra work

Ideas for Efficiency

- P-Cards – more purchasing opportunities
- Refuse staff should pick-up parks garbage with their automated equipment – parks spends about \$200K picking up trash in parks!
- Look at combining supervisory positions – parks management staff seems overstaffed
- Look at better distribution of tasks
- Better building construction
- Provide sheds to store equipment inside
- House recreation staff in one location (not in Dunbar)
- Neighborhood associations get the money for facility rentals in parks, but the City maintains them, etc.
- Look at fee structure – some things are “very” affordable
- Time class for all (CHRONOS for Parks)
- Need more help in the summer to get projects completed
- Make voice mail roll over to other phones before a message is taken for better customer service
- Cross train between different divisions for RecTrac program
- Re-organize office work by function - insurance, payroll, maintenance, etc

What support is needed from Commissioner/Mayor?

- First step is listening to staff
- Mayor needs to get us good management!
- Downtown vs. solid waste – two different worlds
- Commissioner come see us (not just at party's)
- Continue to be straight with us
- Concern/Follow-up on health issues when workers are exposed to hazardous chemicals on the job
- Look at fleet usage – get us equipment we need – don't tell us what we need, ask us, get our input
- Get us staff – we are under resourced
- Rethink use of contract labor (day laborers) need to be permanent employees
- Get rid of poor performers
- Provide appropriate office space of management in solid waste
- City is growing – staff is not
- If you want to encourage recycling – staff it!
- Need hazardous pay for solid waste workers and appropriate hazardous duty retirement (20 years and health insurance – same as police and fire); workers work in unknown conditions – Police and Fire know the type of hazards they are responding to!

Ideas for Efficiency

- 1 day collection creates a problem with move outs – all trash is out at once, people don't understand that 100% of work is now getting done in 50% of the time! PR issue with the public, makes working on task critical
- Understand transition of culture change to business management takes time
- Equitably spread workload – routing issues
- Forums for open communication
- Solid Waste needs leadership – bring someone in from the outside
- Hiring process takes too long to get good people
- Use the trucker listing system to speed-up hiring (DAC)
- Hazardous Materials hauling – trucks should be signed
- Better compensate workers – system makes no sense – lack of equity
- Look at new ways of getting rid of garbage in the future – can't keep burying it – look at getting into regional waste incineration business
- Look at opportunities as energy costs decrease
- Early start time – adjust to seasons to get workers off early
- Do downtown routes in the early morning

Human Resources Customers Focus Group

Employee Relations

- ***With regard to ER – what does HR do well?***
 - Outstanding – good advice, resourceful and professional
 - Disciplinary investigations for appeals – do a good job
 - Make themselves available after hours
- ***With regard to ER – what could HR do better?***
 - Over extended
 - Poor follow-up especially for 24/7 operations
 - Independent evaluation of dismissal requests
 - Communicating changes
 - Inconsistencies based on who supervisor is (supervisors are poorly trained for this)

Employment

- ***With regard to Employment – what does HR do well?***
- ***With regard to Employment – what could HR do better?***
 - Consistently hire external applicants at higher salaries than internal peers
 - Do not back check application information
 - Quantity vs. quality of experience
 - Buzz words on application are more important than actual text
 - T&E scores are kept a secret
 - Screeners are not informed in areas they hire applicants
 - Takes too long (Minimum of four months) – miss many qualified applicants
 - Salary information is not processed quickly once you are ready to hire
 - Under resourced
 - Poor communication with applicants
 - Need hiring lists to be valid for longer – some departments have lists, others do not
 - Internal staff do not have a chance – bias towards outside experience
 - Experience vs. education – not consistent
 - Inconsistent answers to customers
 - Lacking resources when advertising for positions
 - Attrition committee takes a long time, must go back for each and every vacancy
 - Hiring temps/PT/seasonal employees – no one knows process or changes, lack of communication
 - Acting experience does not count towards a new position you take – at a disadvantage if you are “acting”
- ***What are the strengths of LFUCG’s Civil Service System?***
 - Provides job security
 - We need civil service protection

- ***What about LFUCG's Civil Service System needs to be changed?***
 - Makes it too difficult to get rid of poor performers
 - Biased towards employee
 - Supervisors are on trial in discipline/termination hearings, not the employee – discourages from managers to ever disciplining people
 - Does not ensure the best are hired
 - Attracts people who want security versus drive to perform
 - 6 months is inadequate probation – can't extend it and it really is 5 months because you have to tell HR by 5 months if they aren't going to make it
 - Punish all because of a few

Training

- ***With regard to Training – what does HR do well?***
 - General offerings are good – variety, offer at different times, etc.
 - Orientation
 - Drug free workplace
 - Academy – get credit for completing training for supervisors
- ***With regard to Training – what could HR do better?***
 - Supervisors need consistent training in how to do disciplinary process, evaluations ,etc.
 - Expand – staff certifications must be done outside HR offerings
 - Division specific opportunities
 - Educational assistance to go to school (tuition reimbursement)
 - Computer training room is poor for the use (set-up)
 - Computer training – underutilize our programs – focus on what we do use
 - Look at online offerings
 - New supervisors academy
 - Refresher course – new policies

Classification

- ***With regard to Job Classification – what does HR do well?***
- ***With regard to Job Classification – what could HR do better?***
 - Evaluations are too generic – not job specific, not tied to pay and performance raises
 - Late with evaluation training
 - Supervisors are inconsistent with how they evaluate staff
 - Evaluations are too complex and confusing
 - Supervisors are over-worked and don't have time to do evaluations
 - Reclassifications – hard to get – freezes for PAQ's – poor communication about these
 - Where is money budgeted for reclassifications
 - Perception that HR treats their staff differently (better)
 - Reclassifications takes 1 year to get to Mercer Committee
 - Inconsistent information about what it takes to get reclassified
 - Difficult to appeal if reclassification is denied

- Volume of work – duties not take into account, just the job responsibilities
- Process is unclear
- Need a salary cap – people who are supervising people should make more money!
- Single title incumbent in pay class has no pay equity opportunity
- No hierarchy to job classifications
- Steps in classifications – need to bring these back
- Inversions cause more problems
- Mercer committee is secret! – doesn't meet often enough
- Attrition committee needs to meet more often – out lived life, no longer necessary

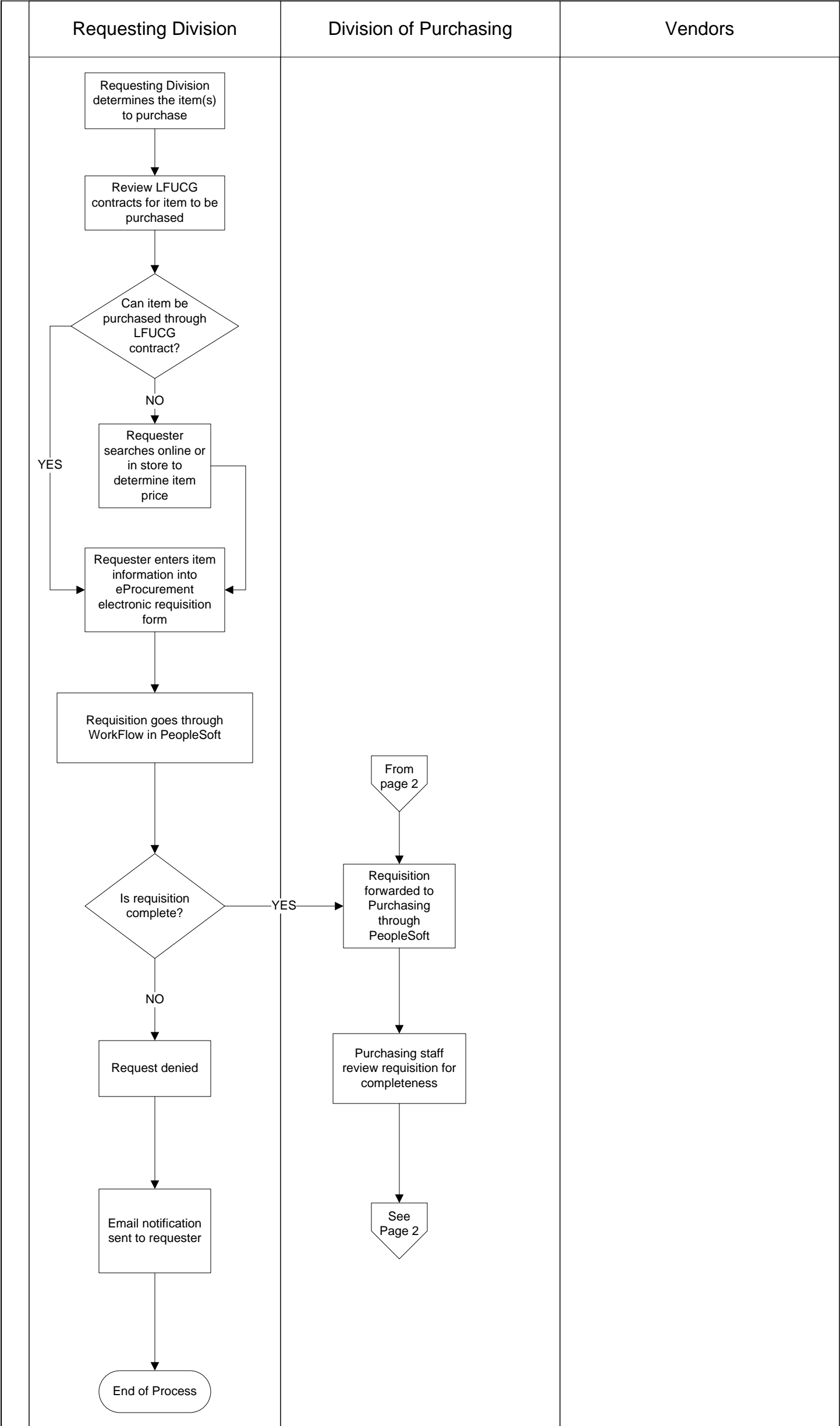
HRIS

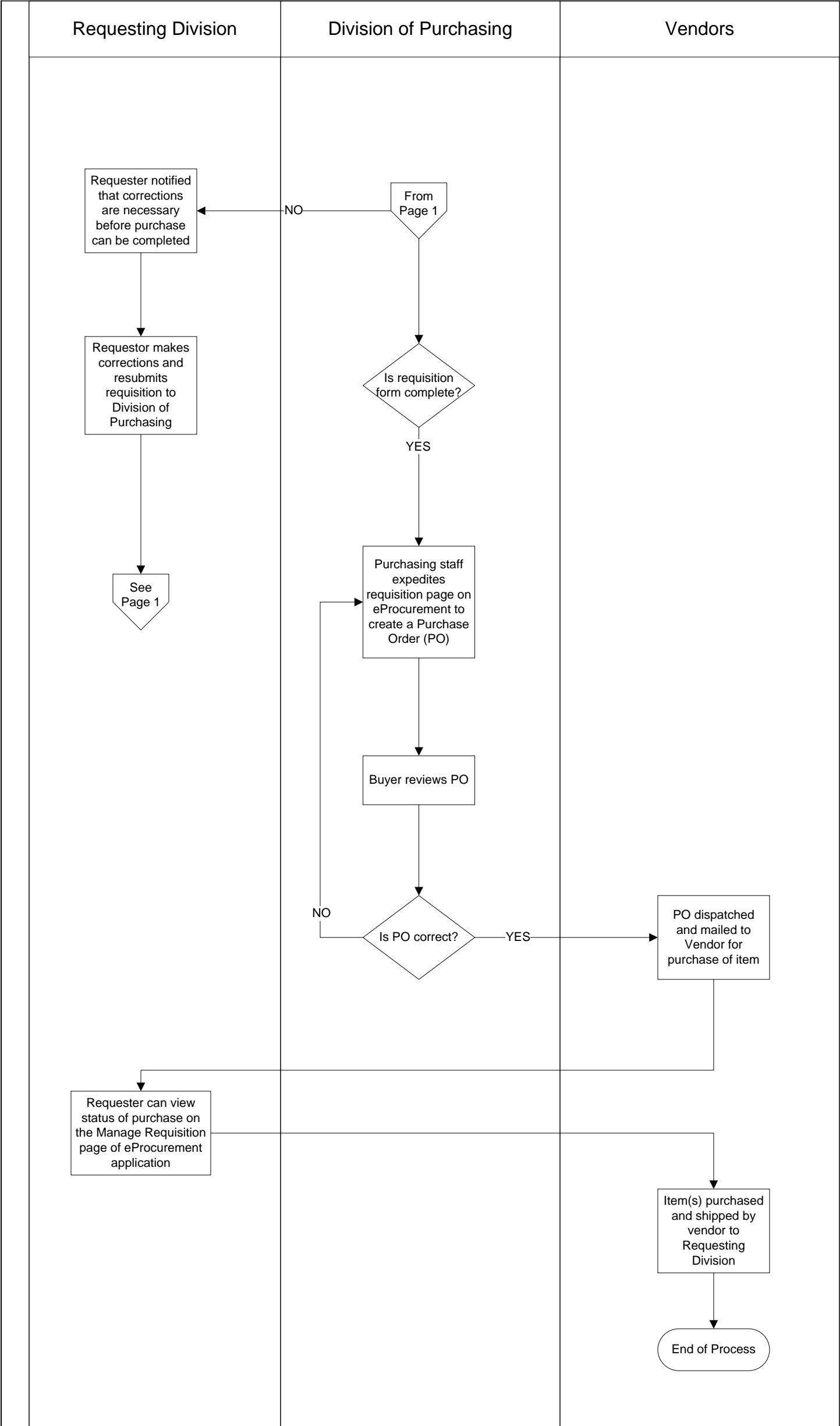
- ***With regard to HRIS – what does HR do well?***
- ***With regard to HRIS– what could HR do better?***
 - STARS
 - PAQ forms are bad
 - Discipline forms are no longer “fillable” online
 - Permanent staff applications should never be purged
 - Files get mixed up – poor management of paperwork

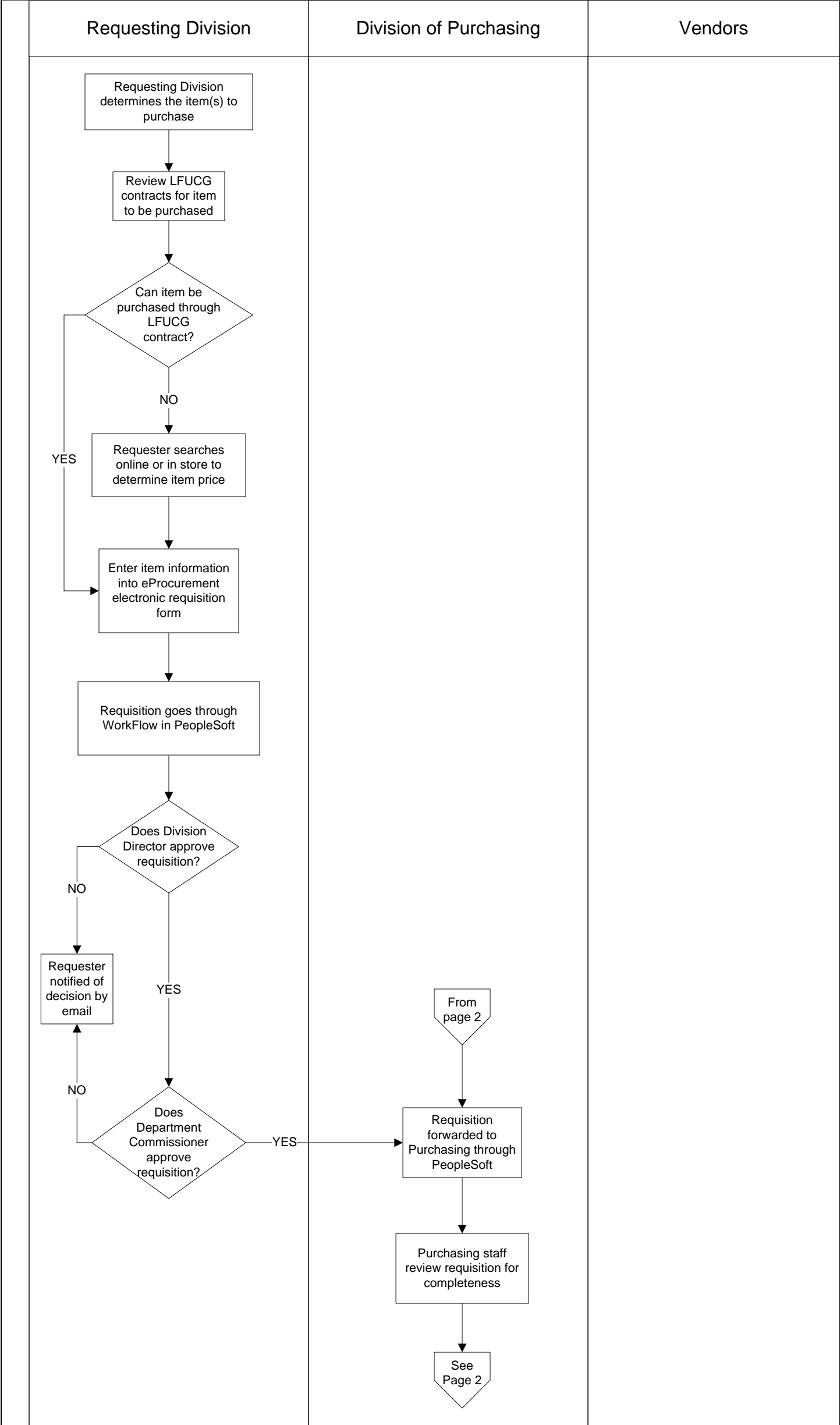
Benefits Administration

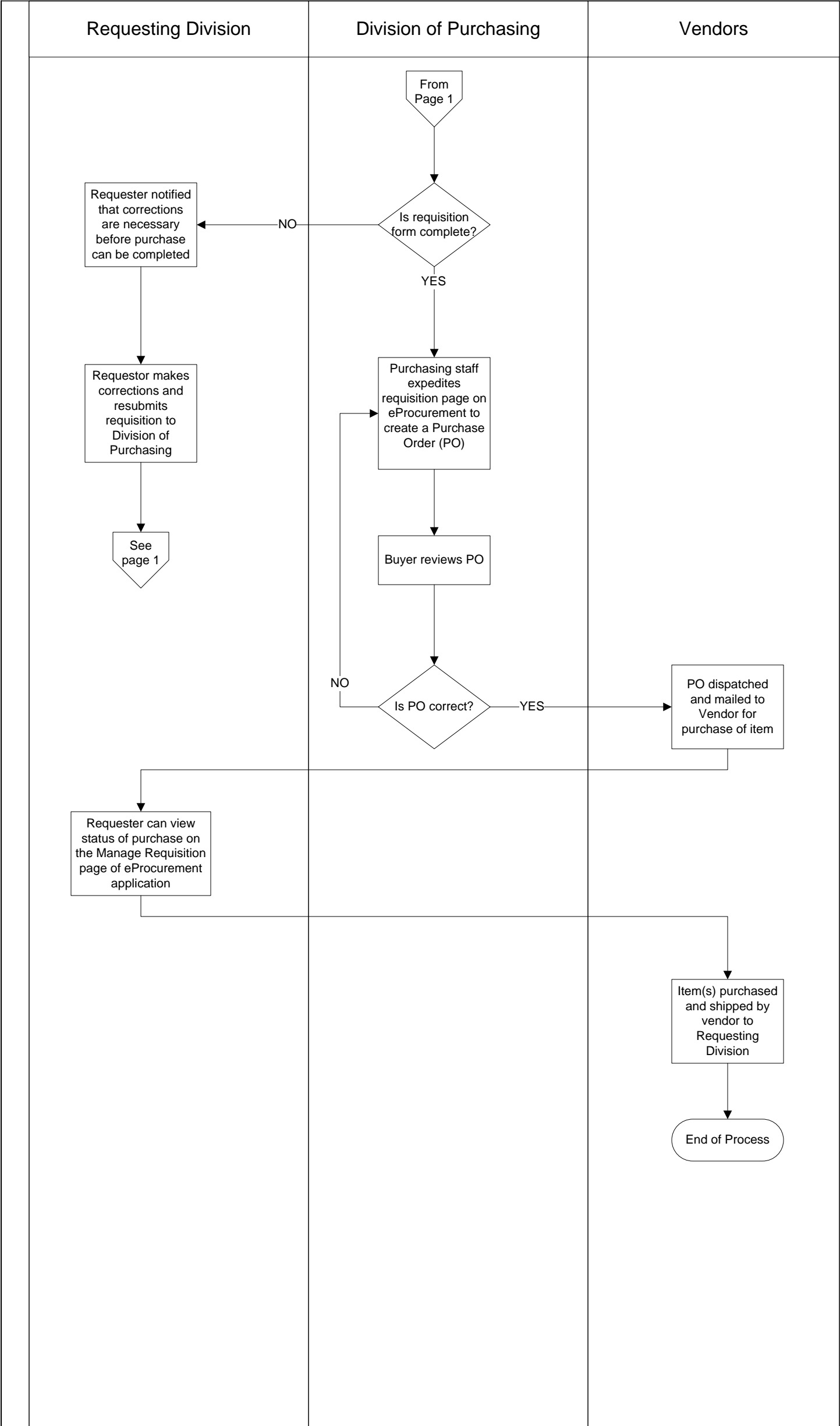
- ***With regard to Benefits Administration – what does HR do well?***
 - Never had a problem
 - Able to answer questions
 - Forms are online
- ***With regard to Benefits Administration – what could HR do better?***
 - FMLA Confusion – people don't really understand it – poor communication when forms are put in between HR, Employee and Division
 - HR needs to make sure division is in the loop on requests
 - Employee can retire via HR without the department knowing it!
 - Workers company – employee gets the runaround – division not included in the loop

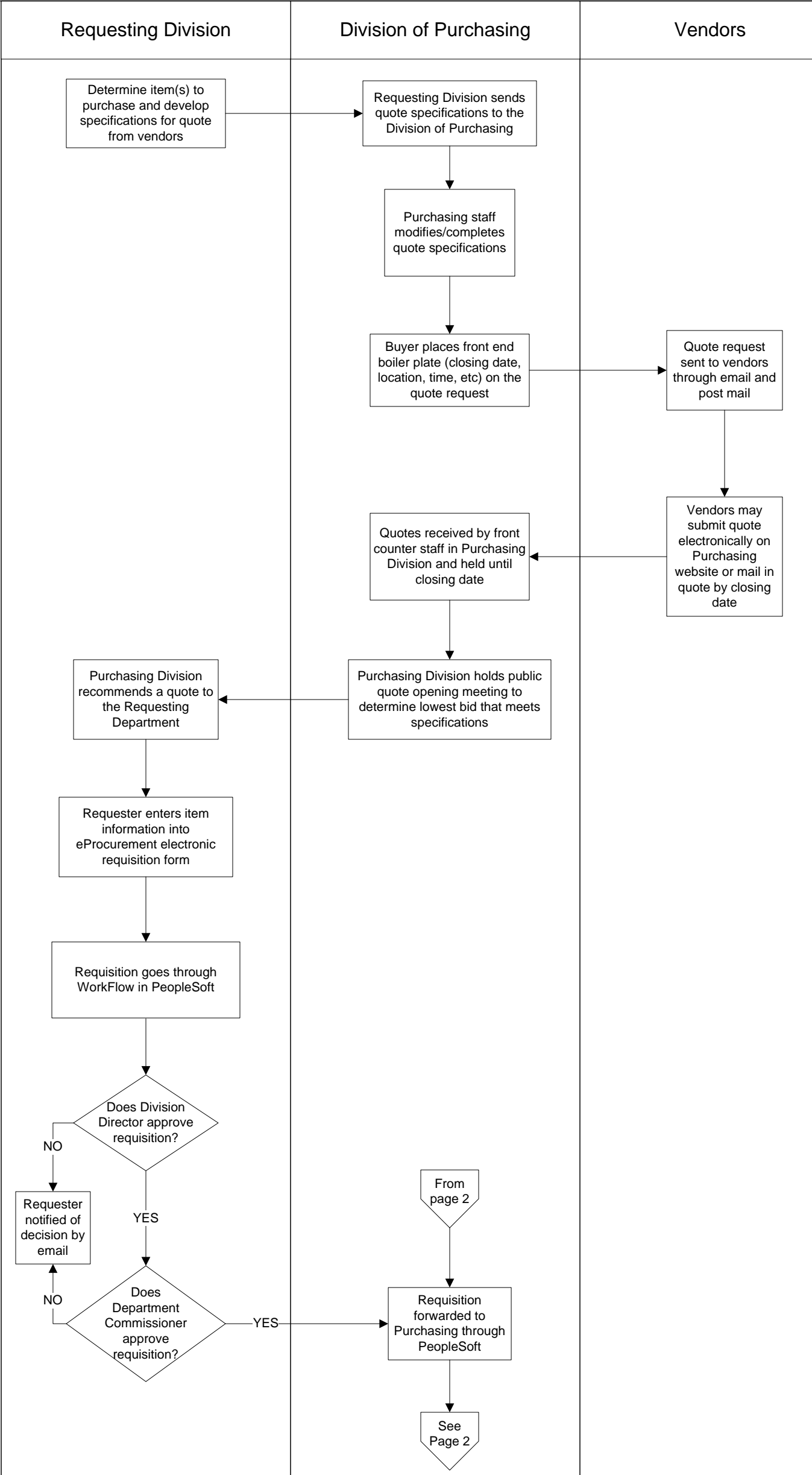
ATTACHMENT G – 1 PROCESS MAPS OF CITY'S PURCHASING PROCESS FOR COMMODITIES AND PROFESSIONAL SERVICES

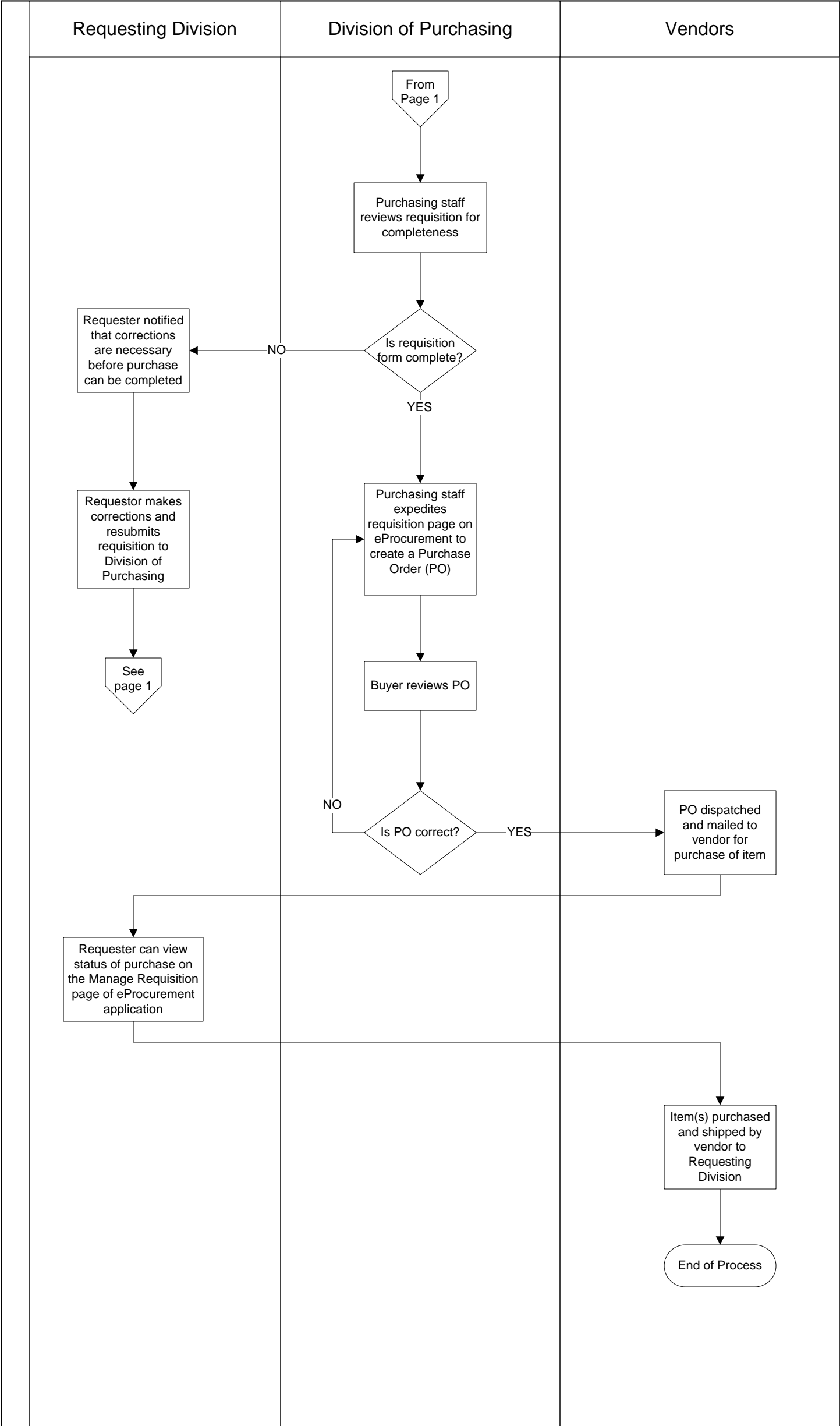


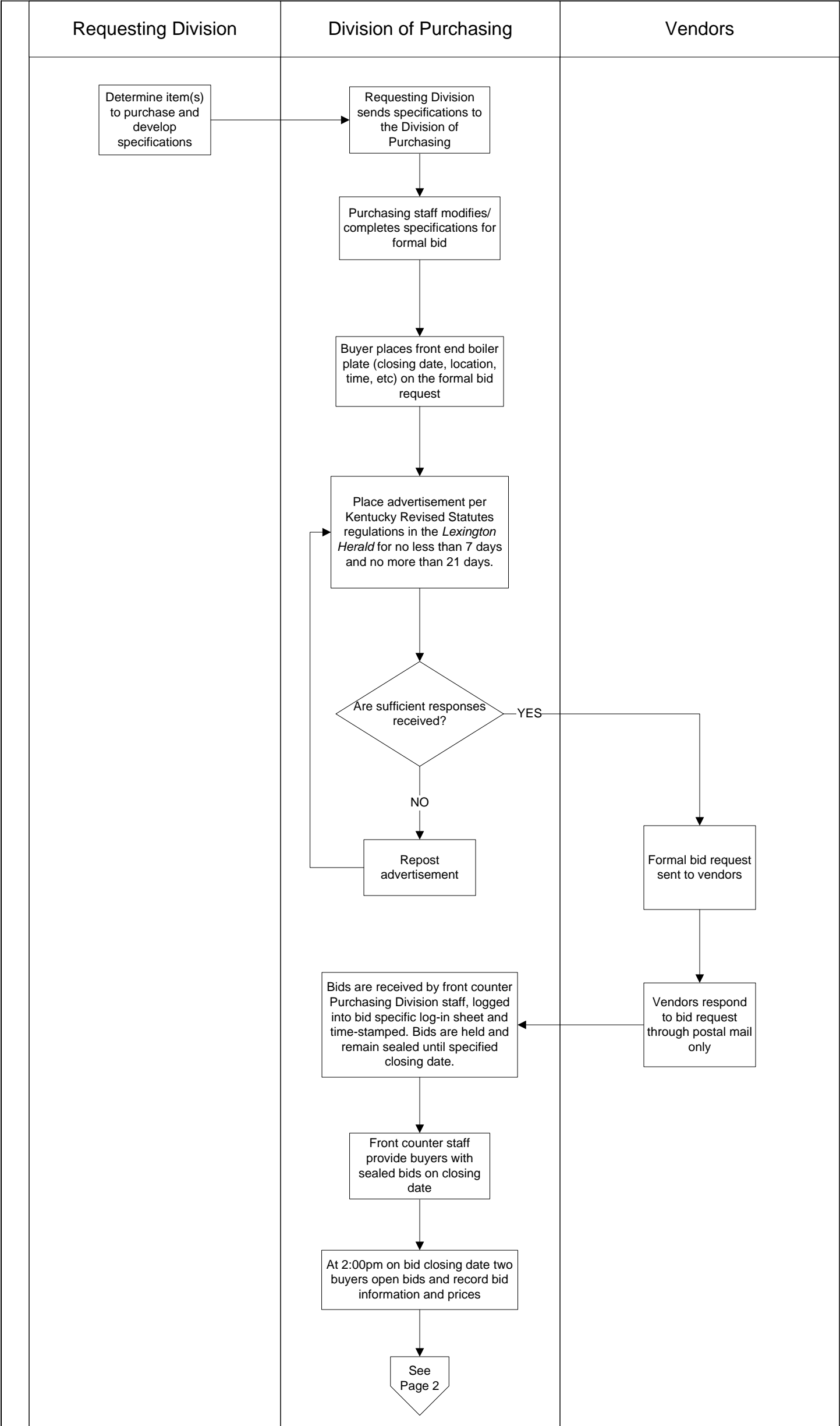


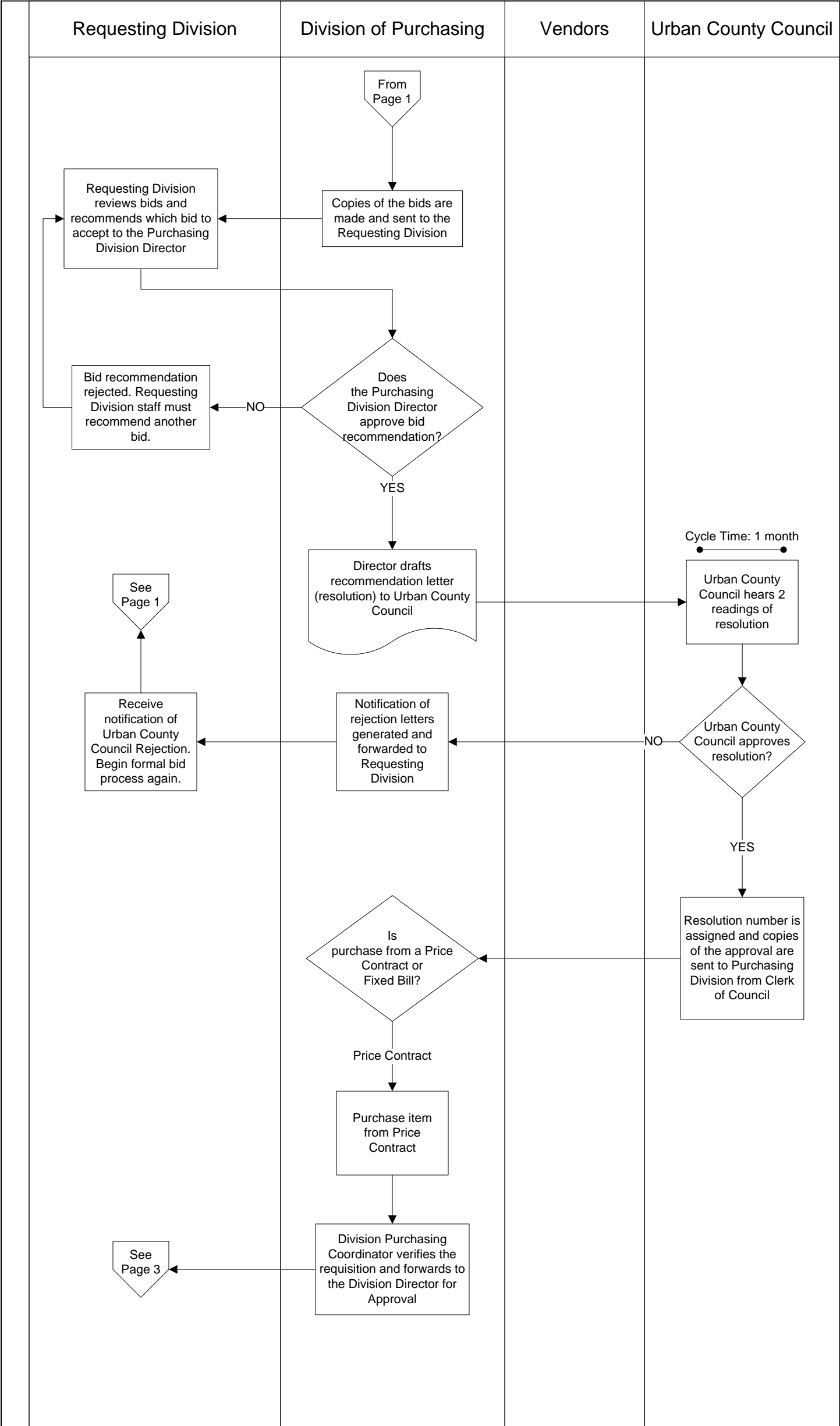


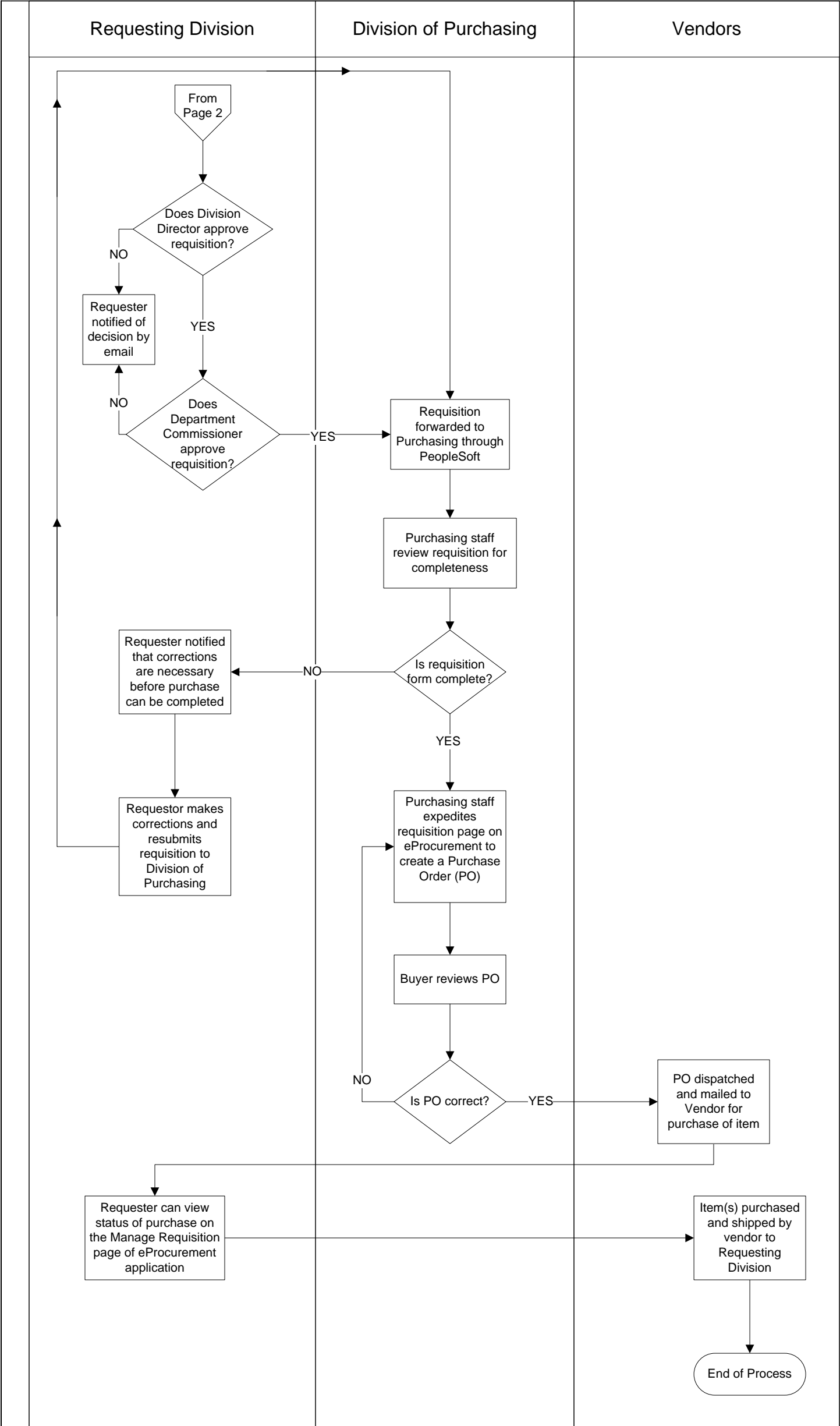


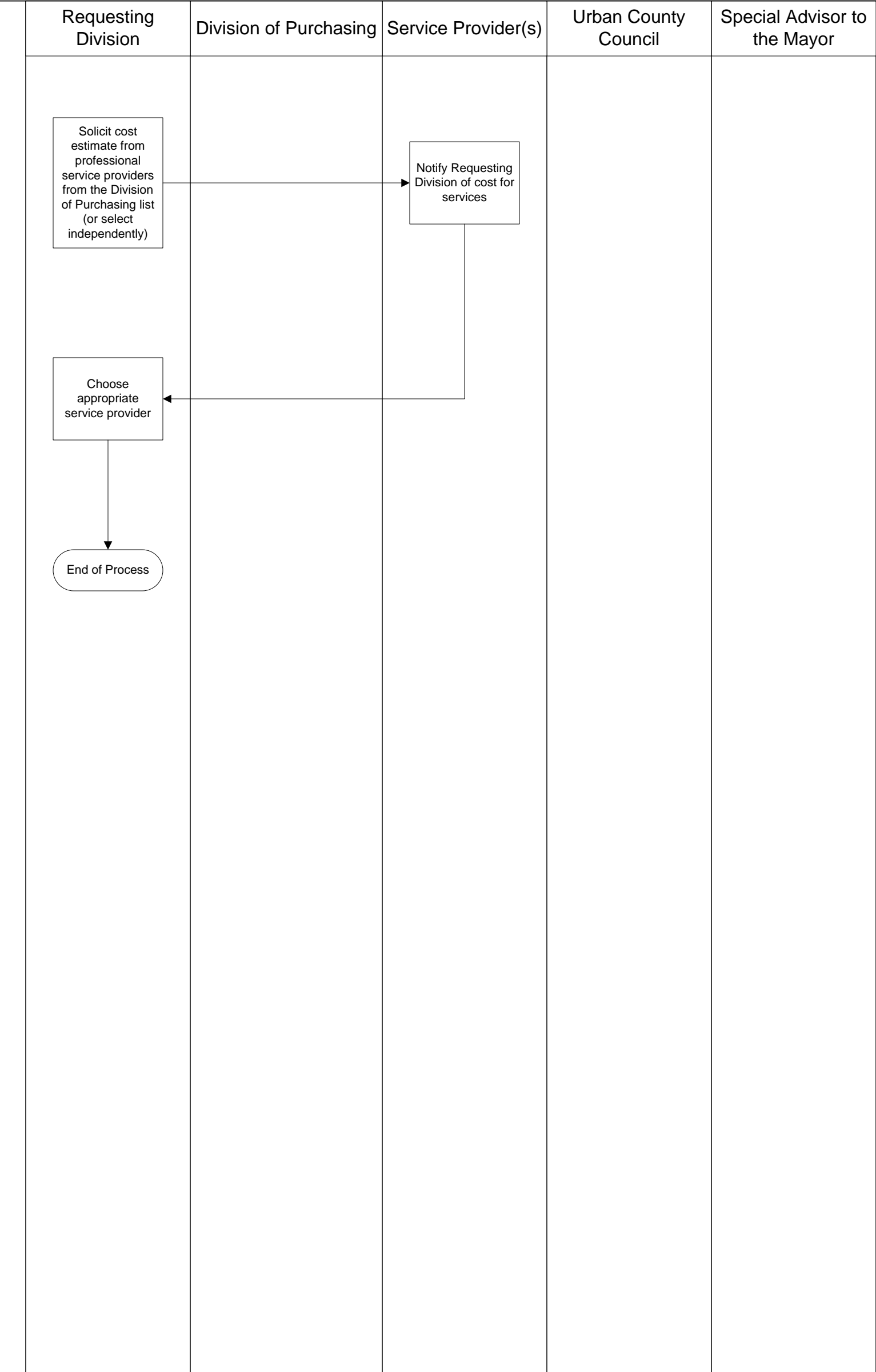


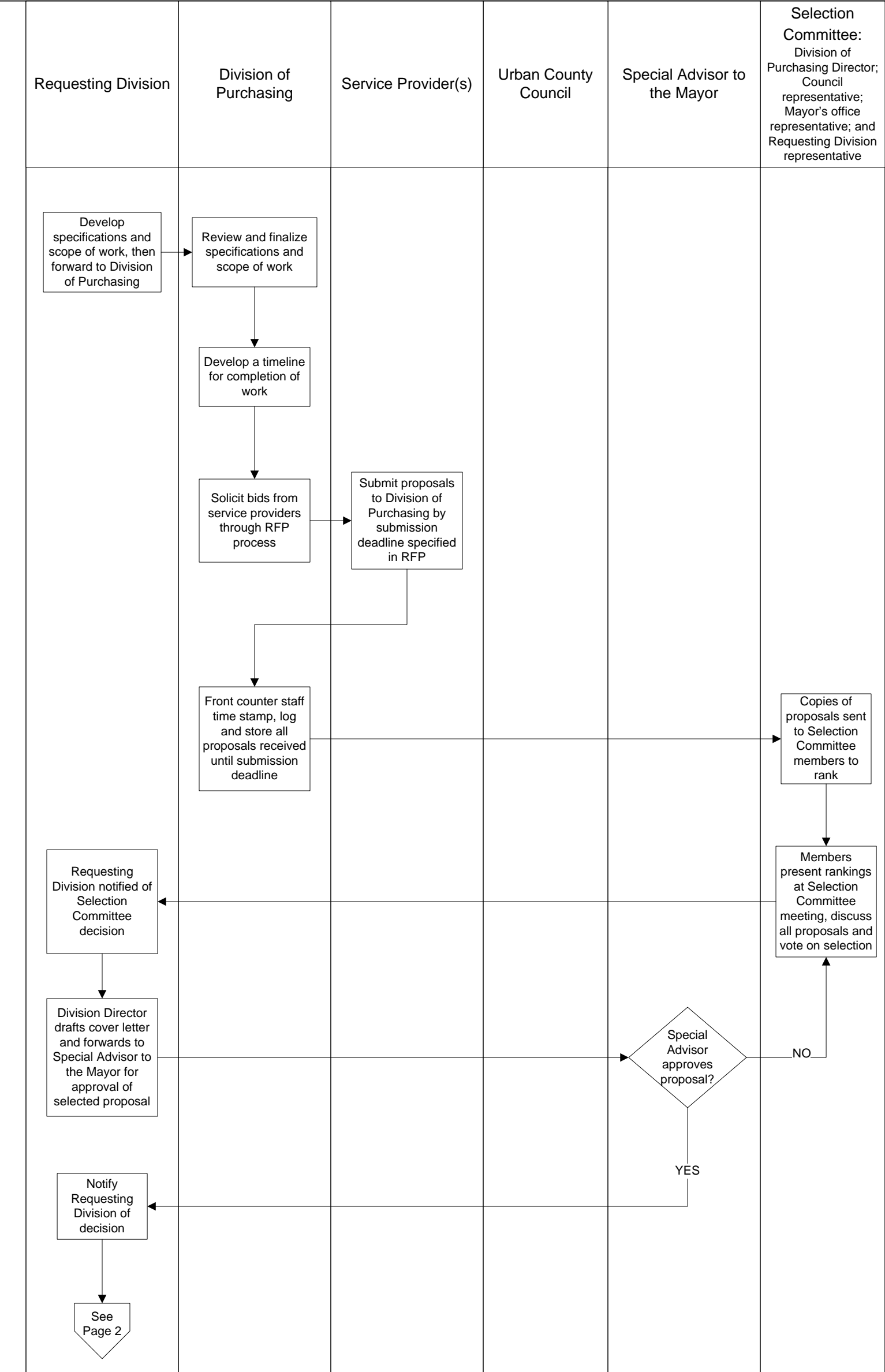


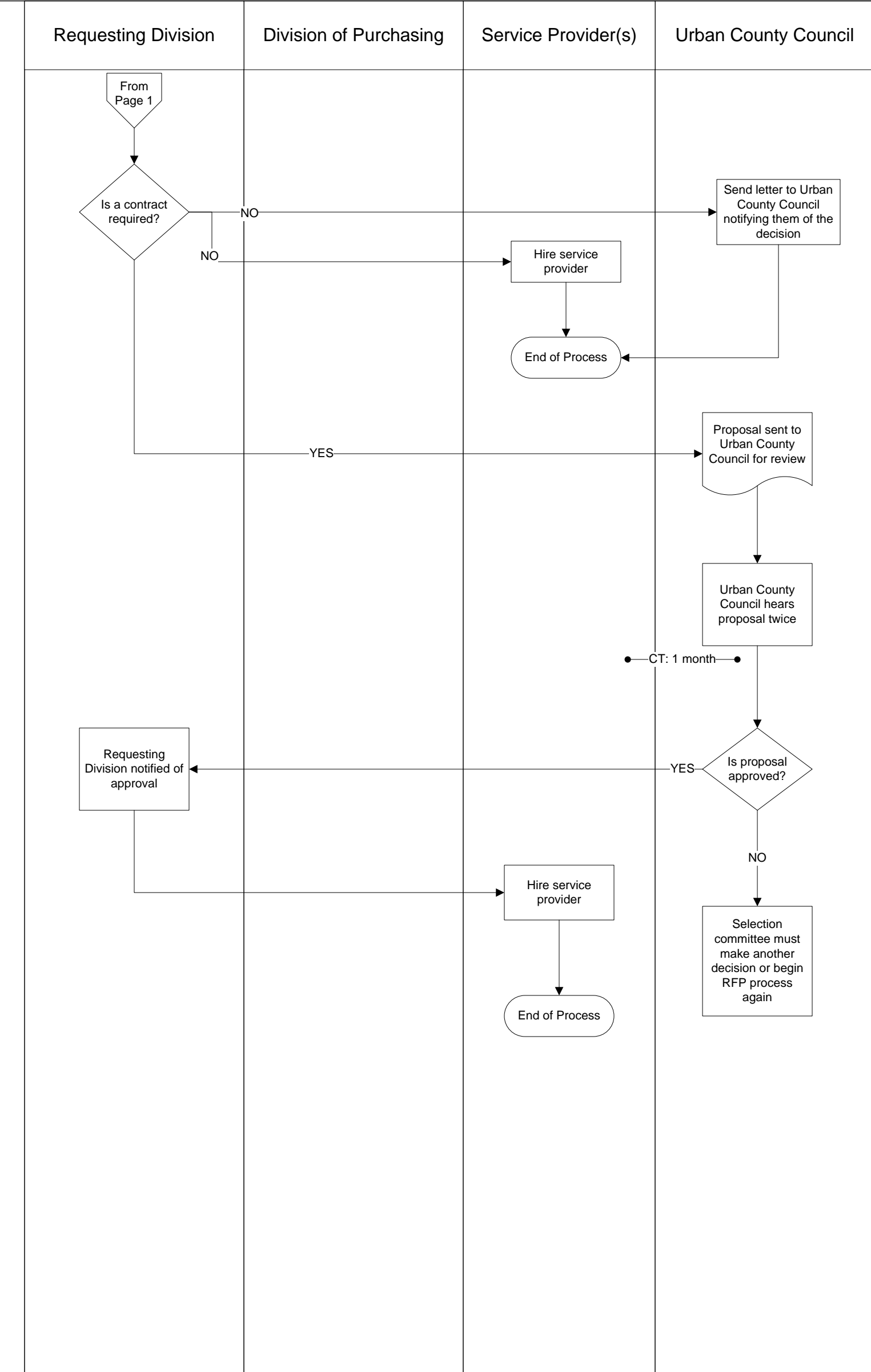


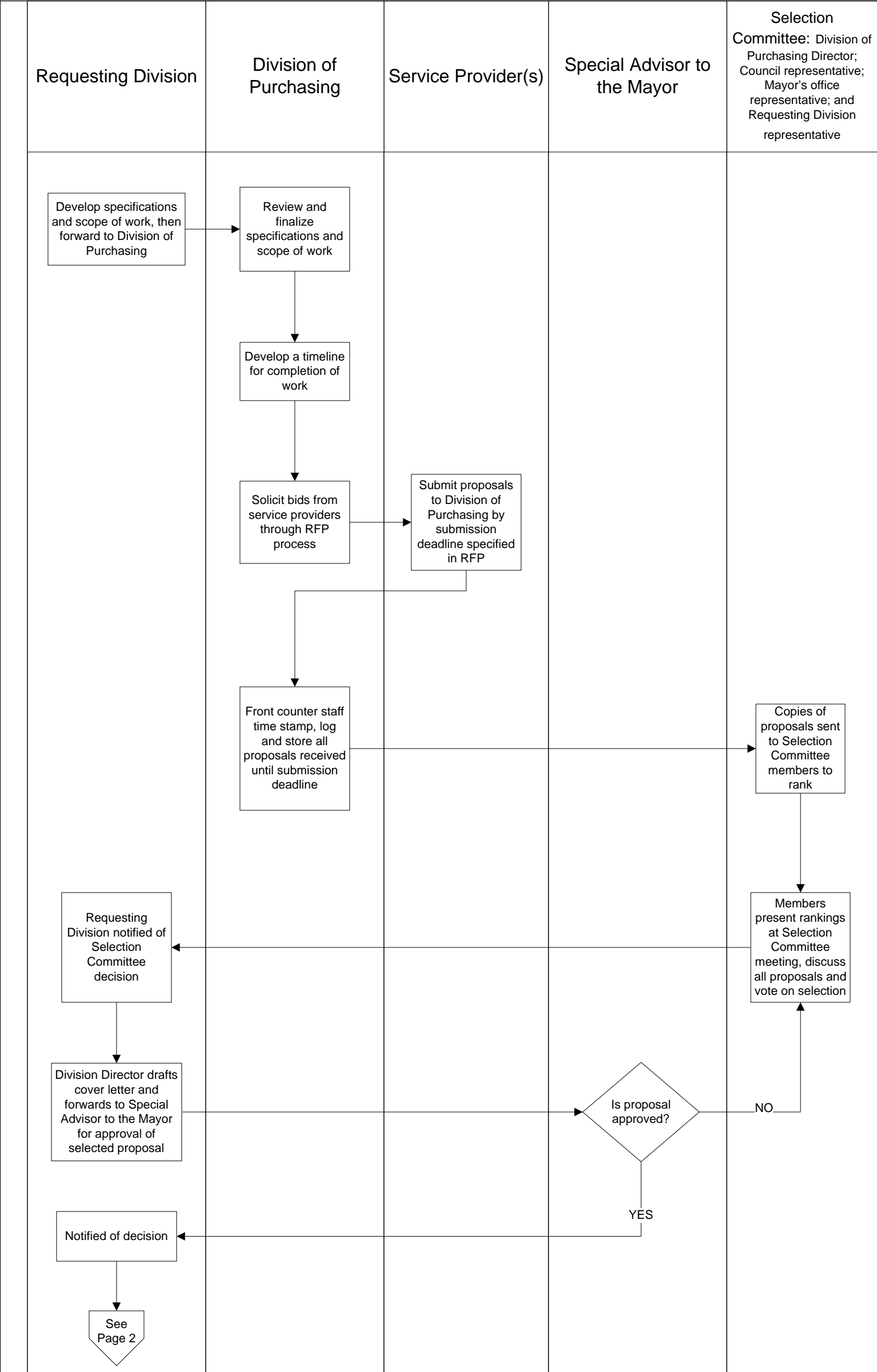


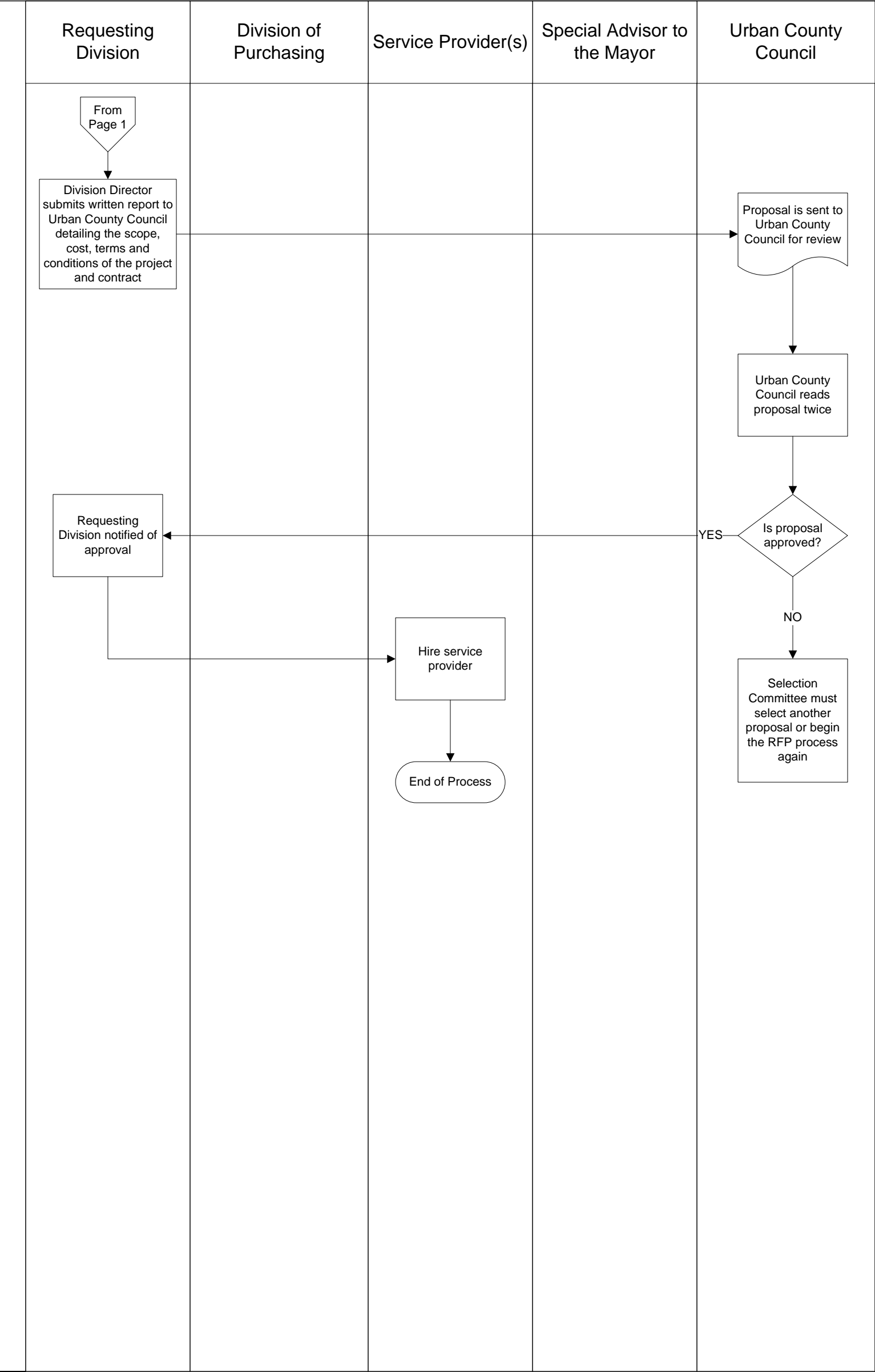




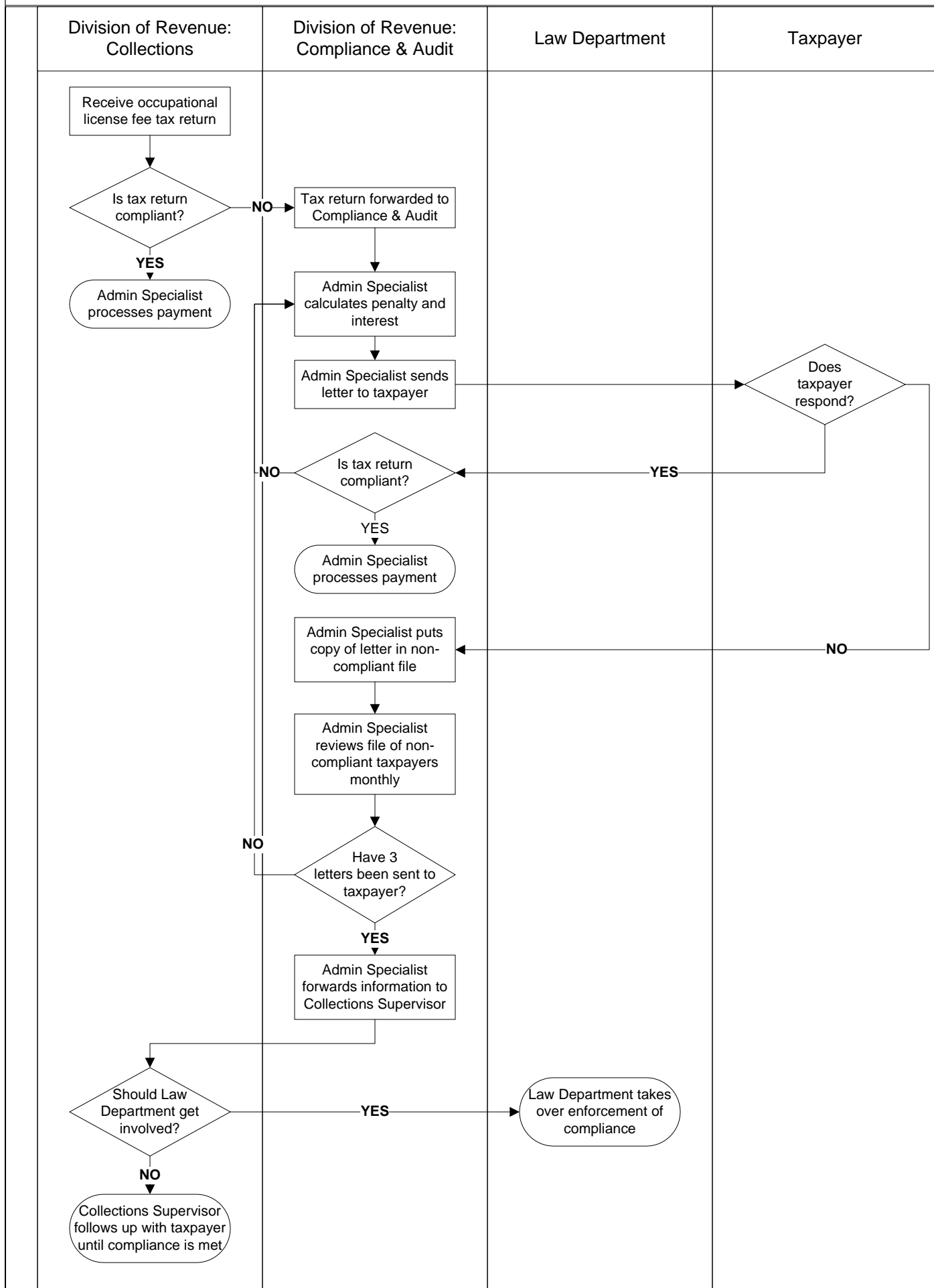




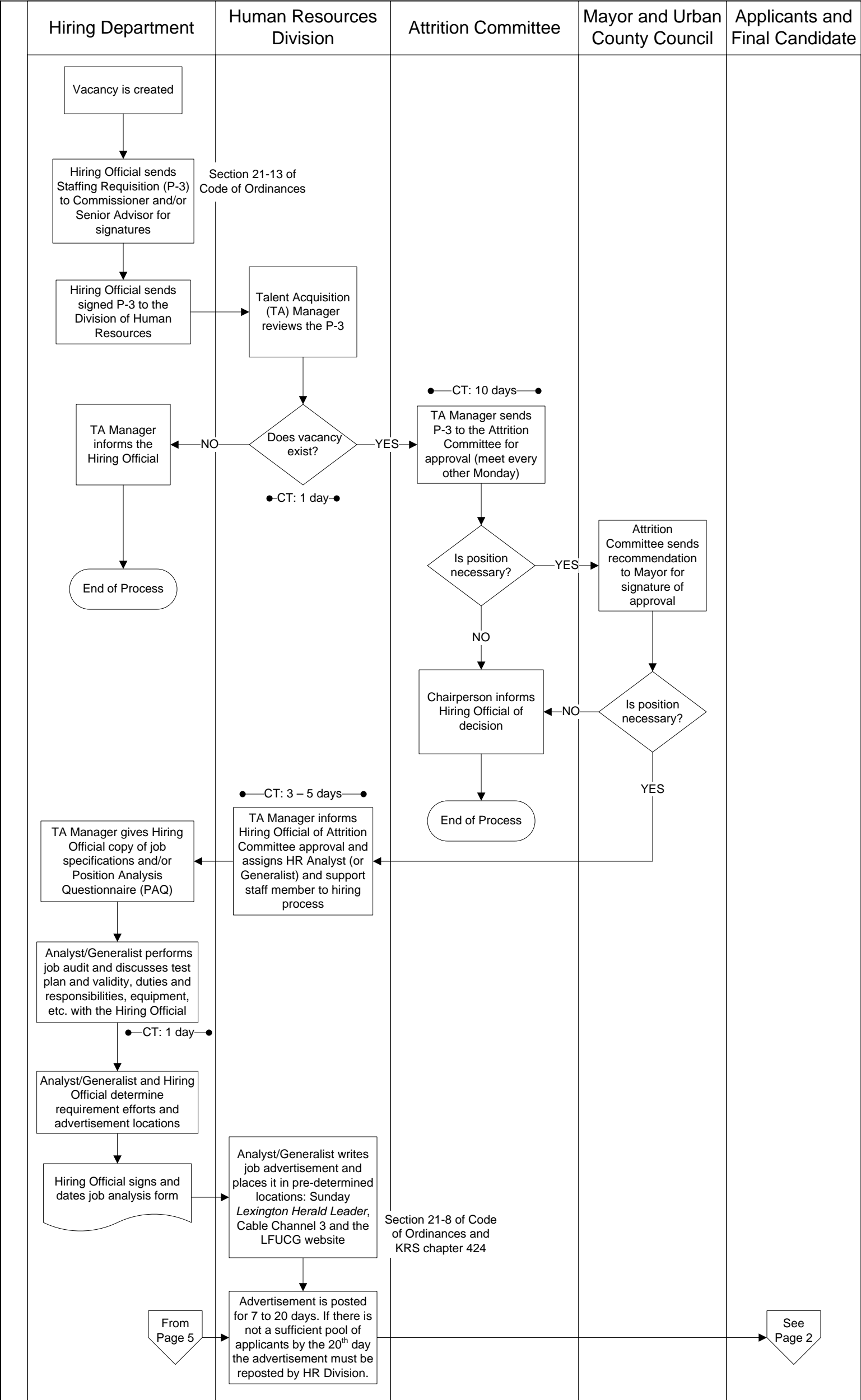


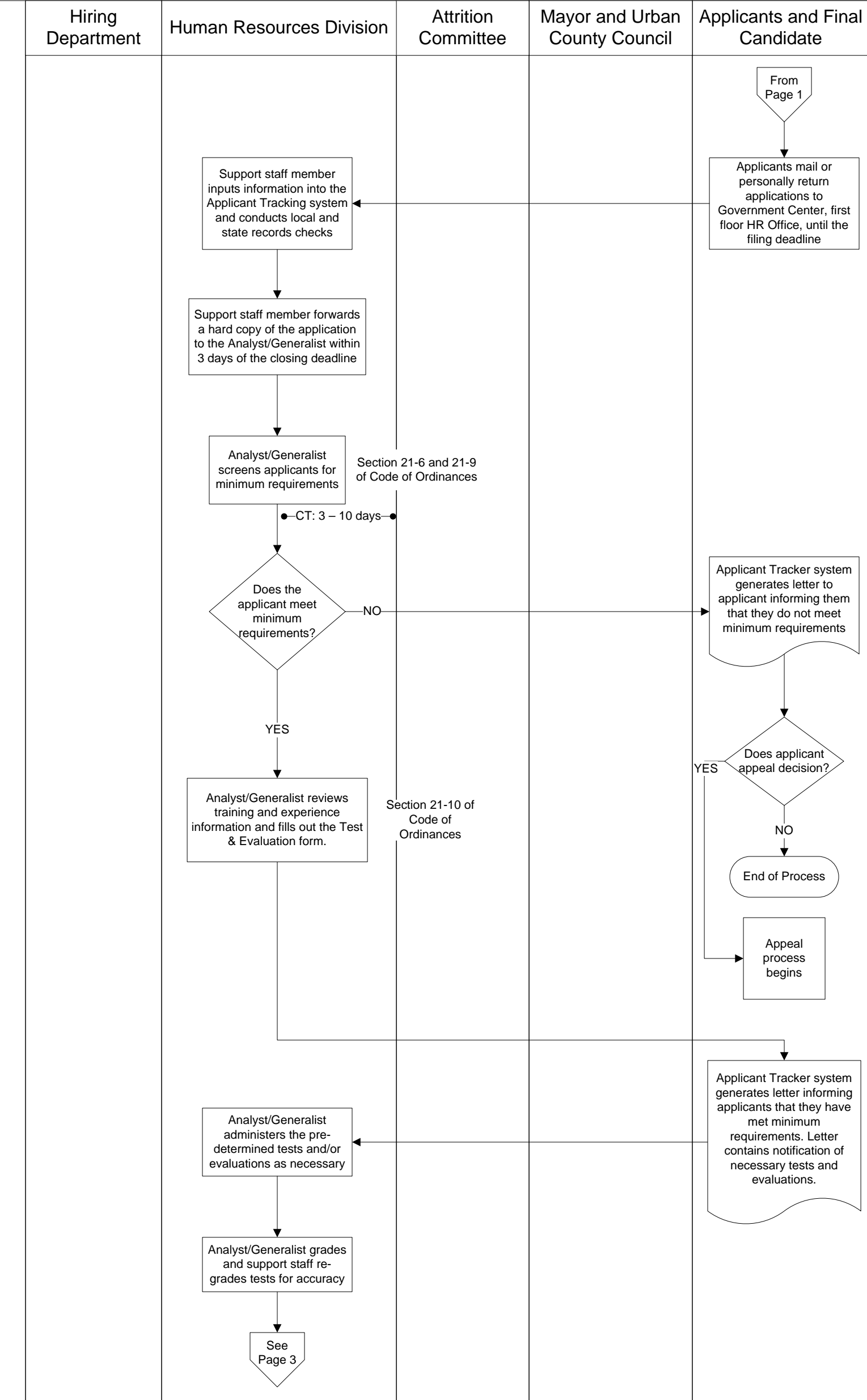


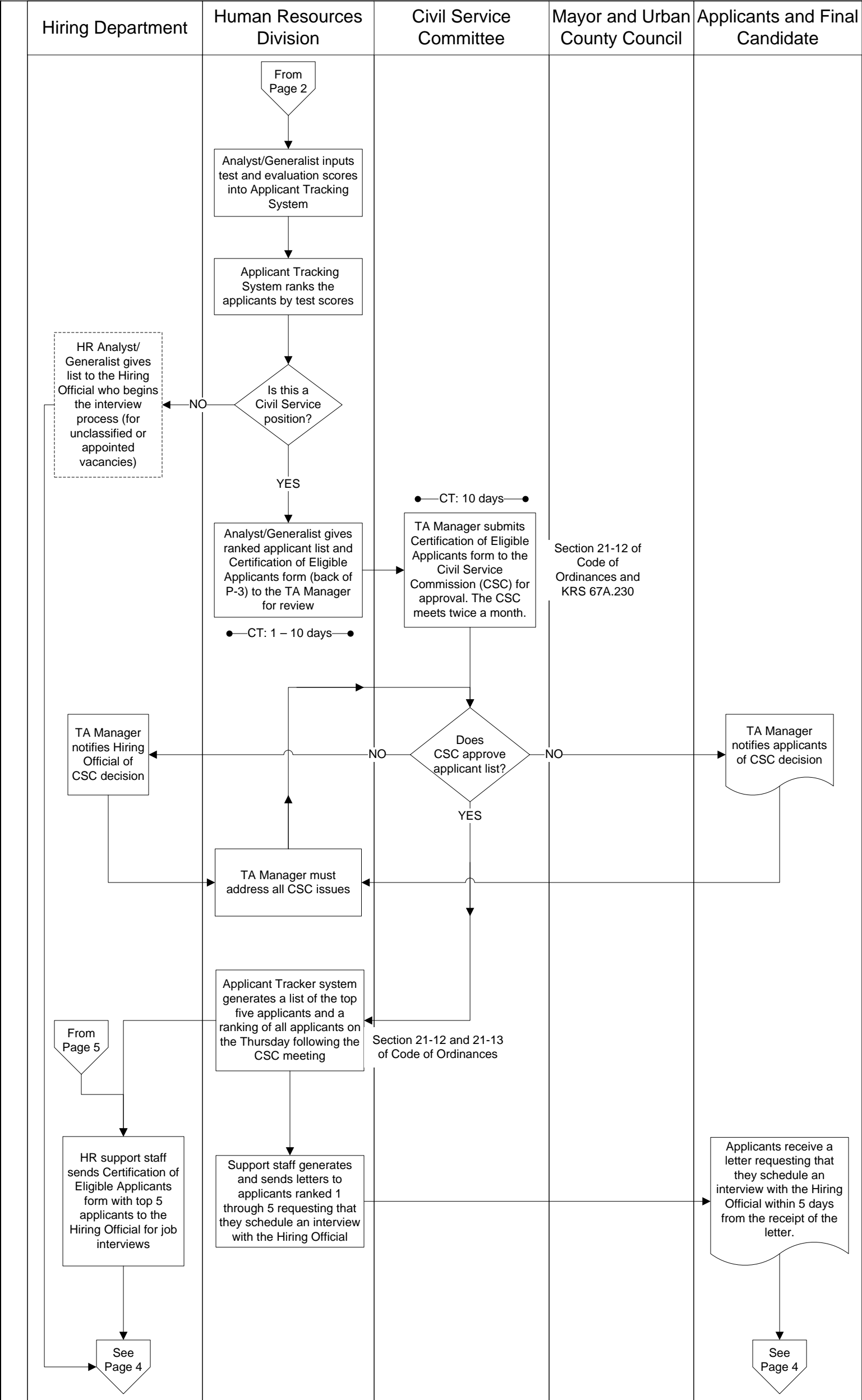
ATTACHMENT G-2 PROCESS MAPS OF THE CITY'S COLLECTIONS PROCESS

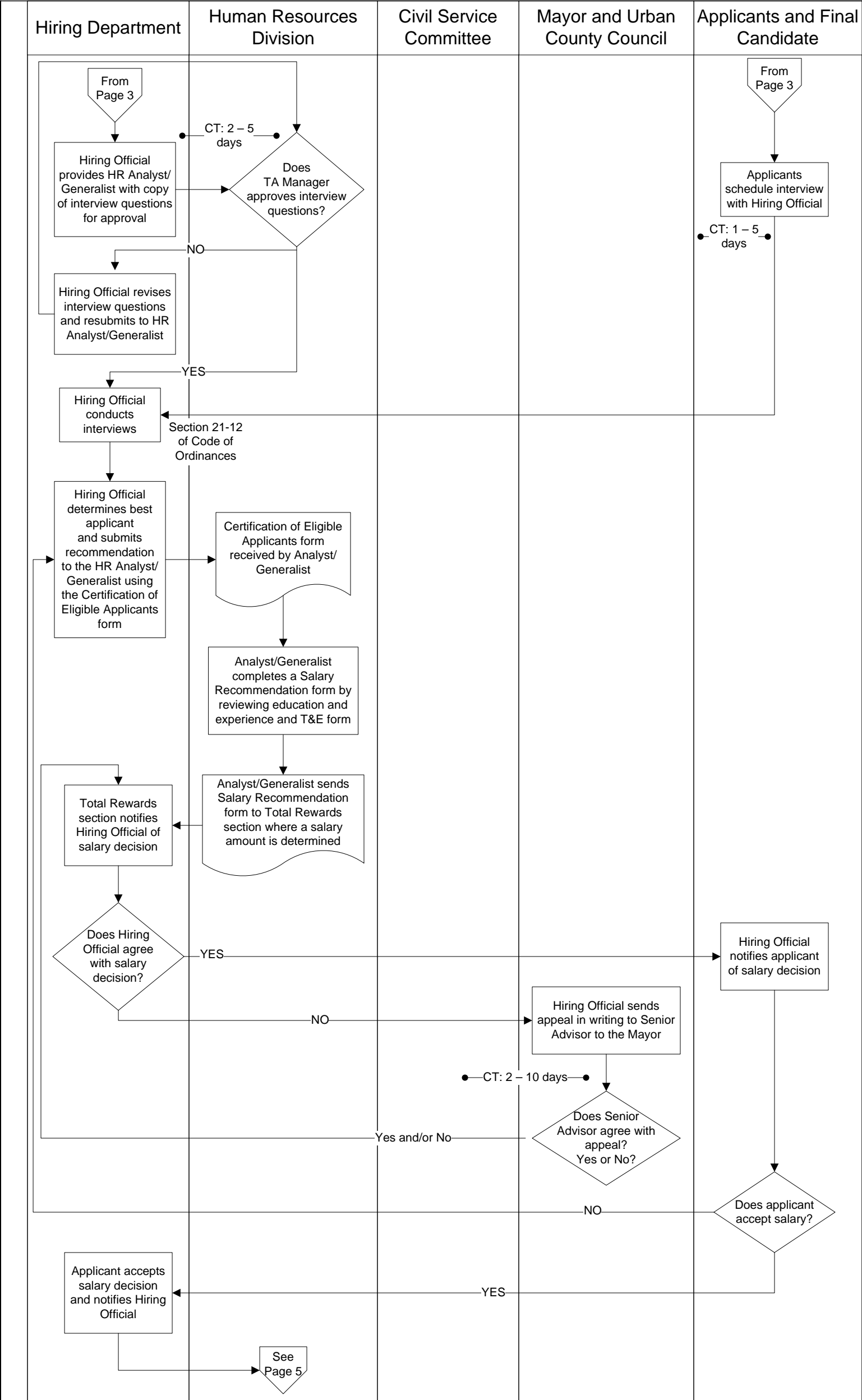


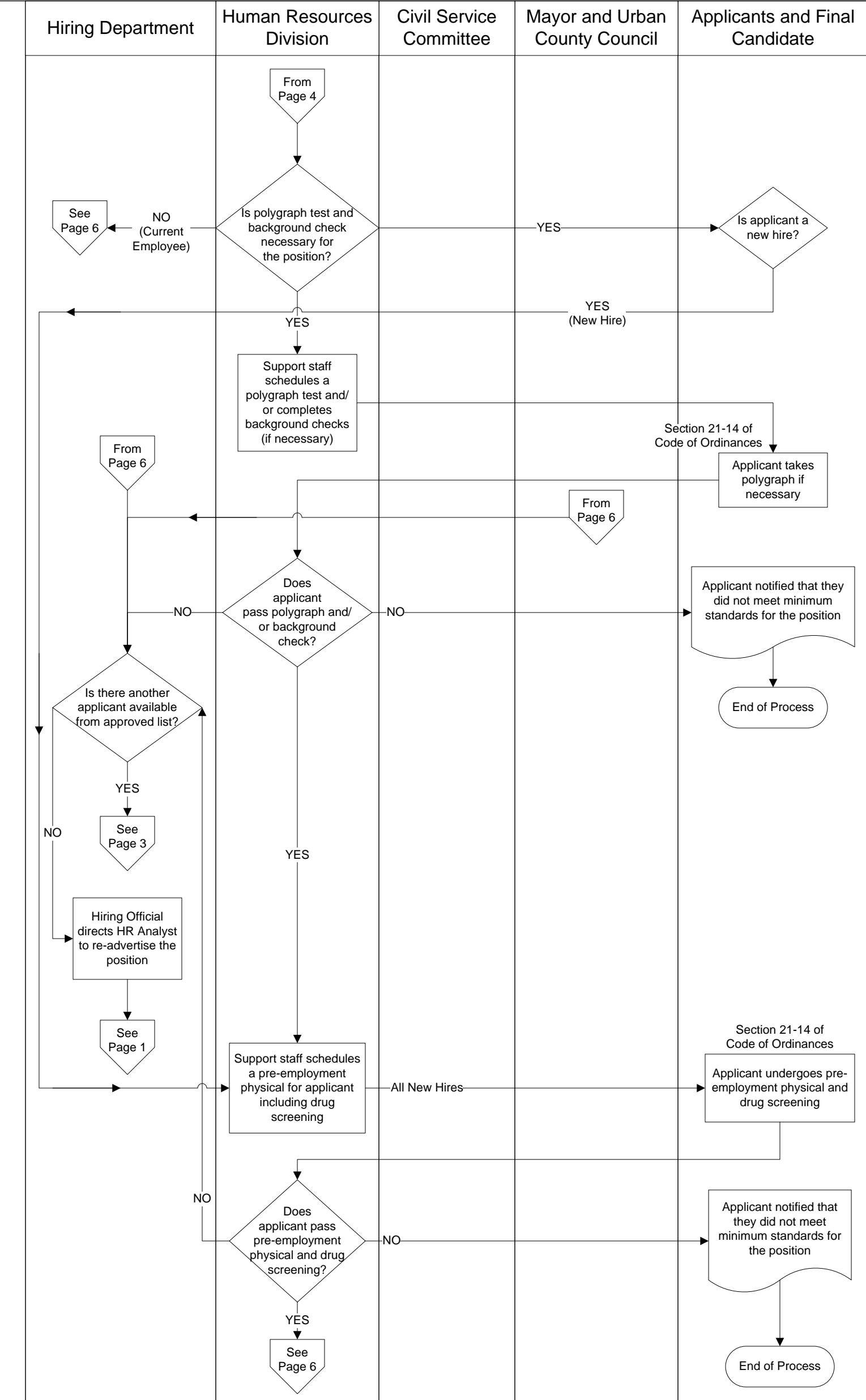
ATTACHMENT G-3 PROCESS MAP OF THE CITY'S HIRING PROCESS

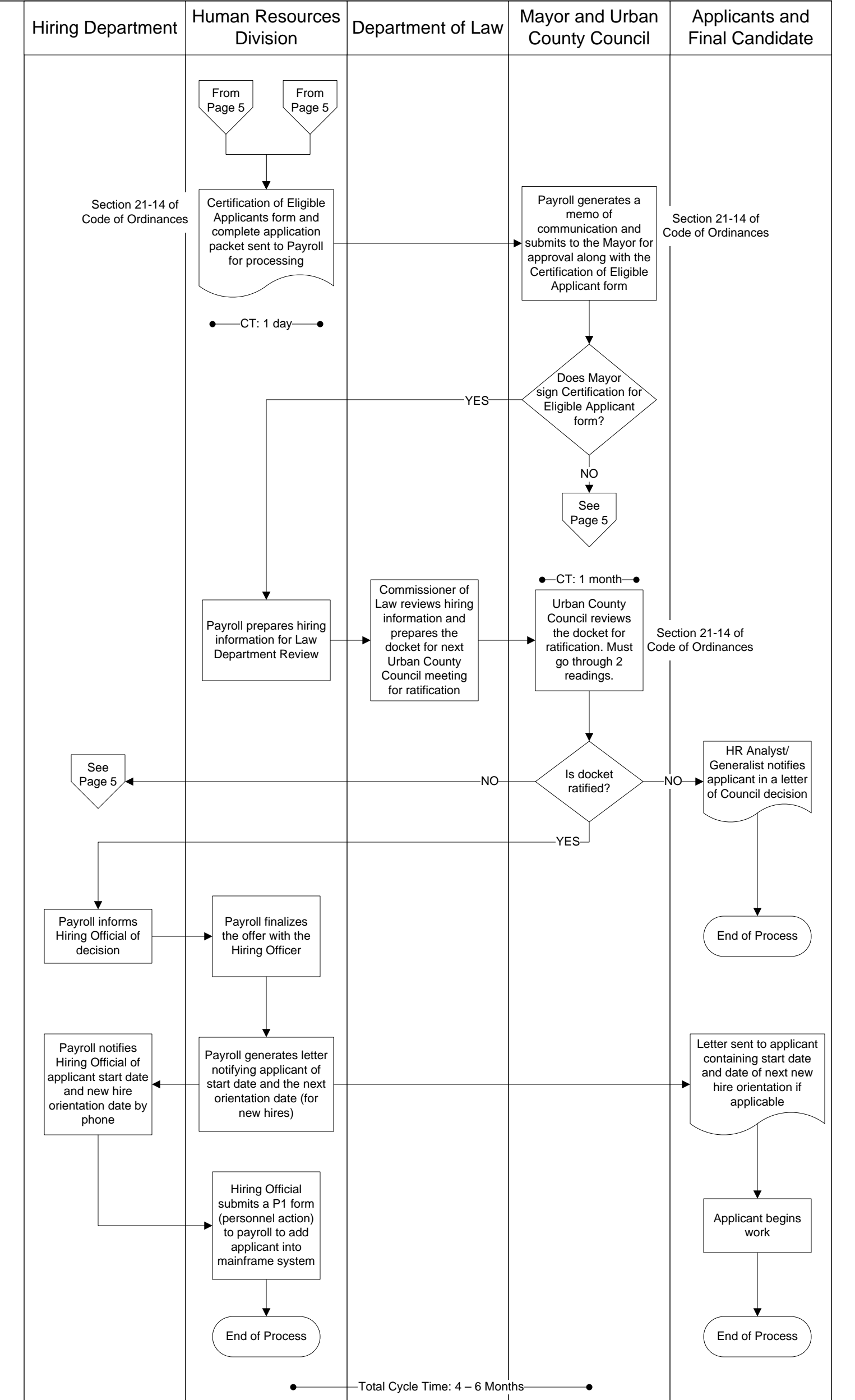




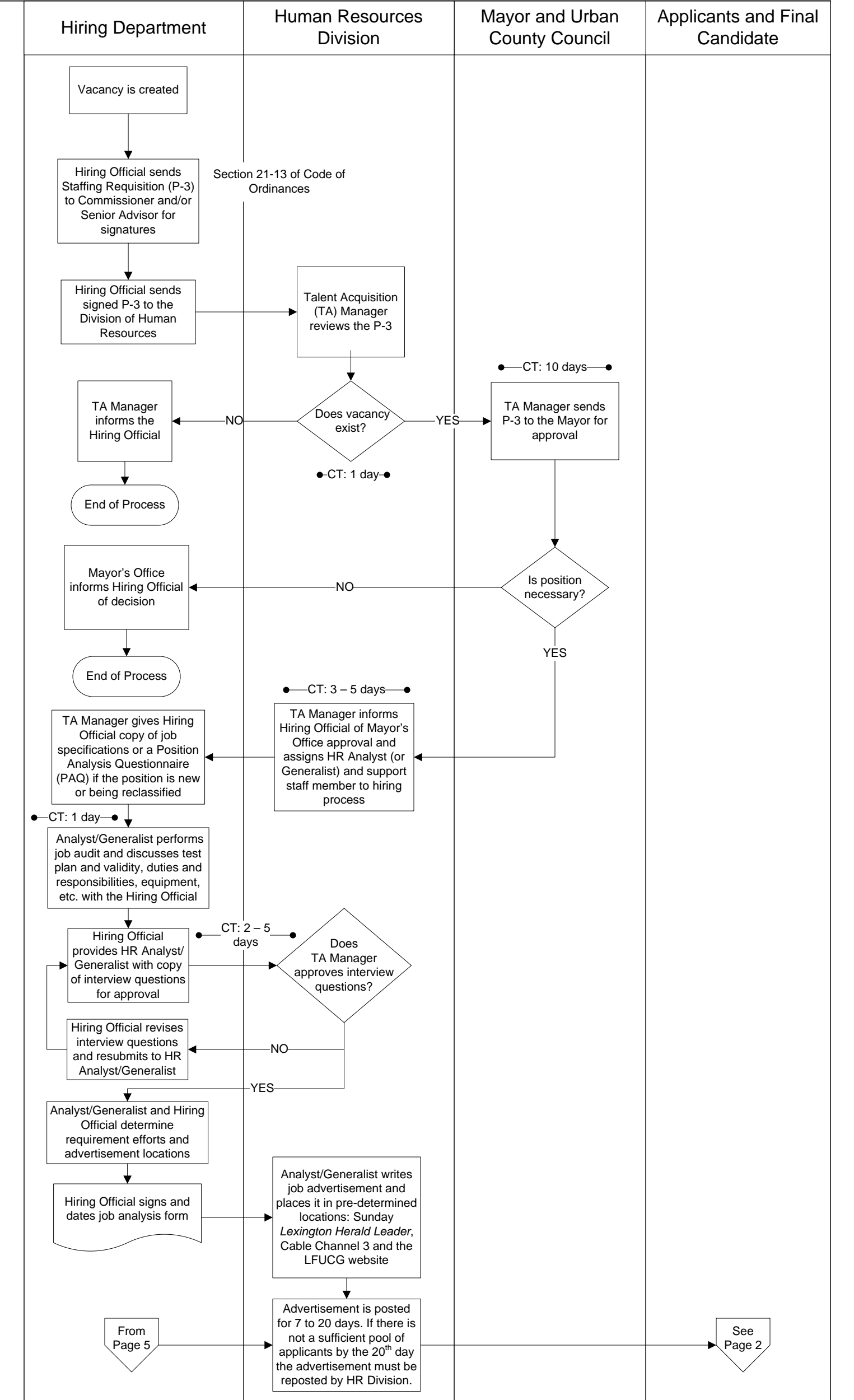


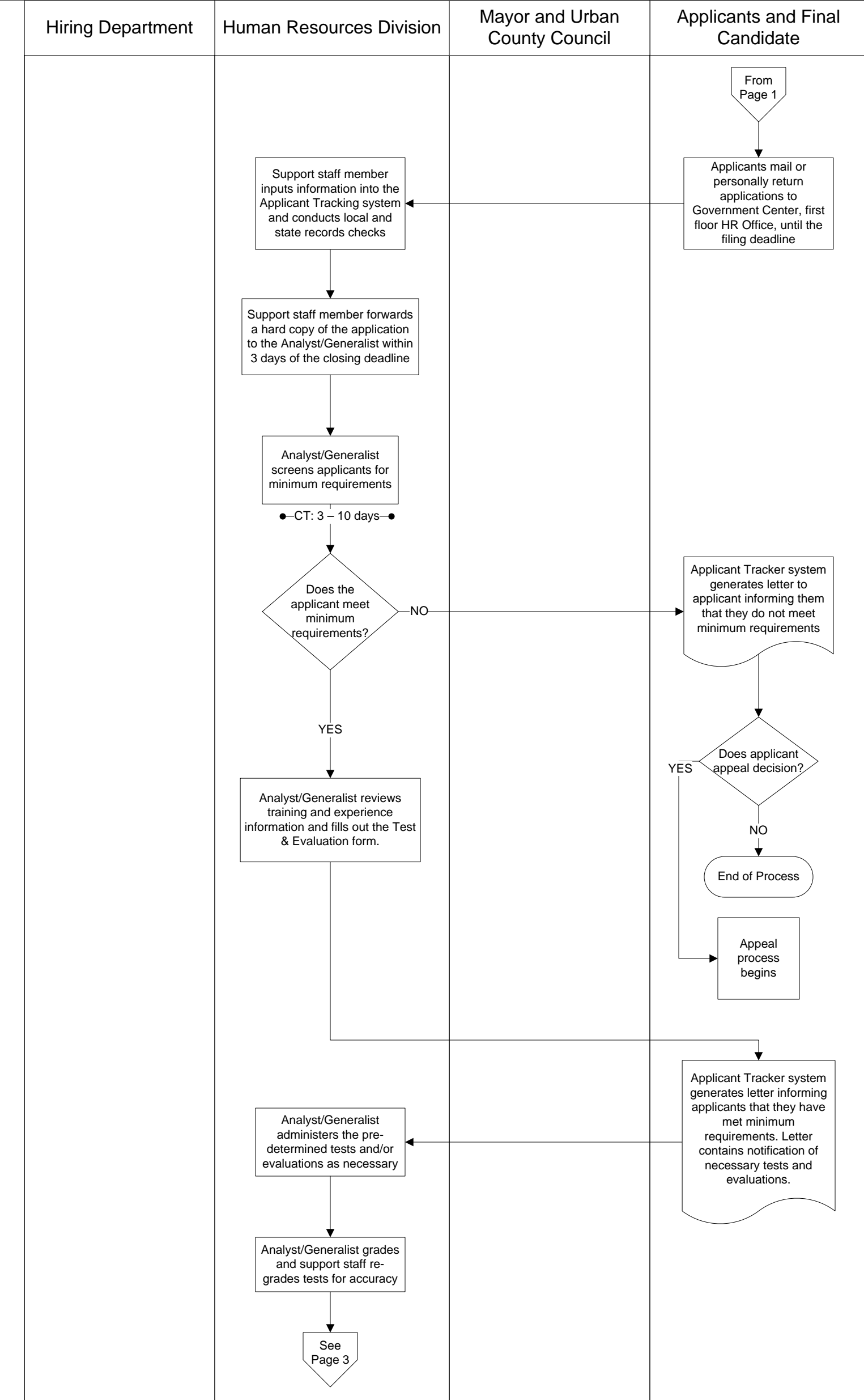


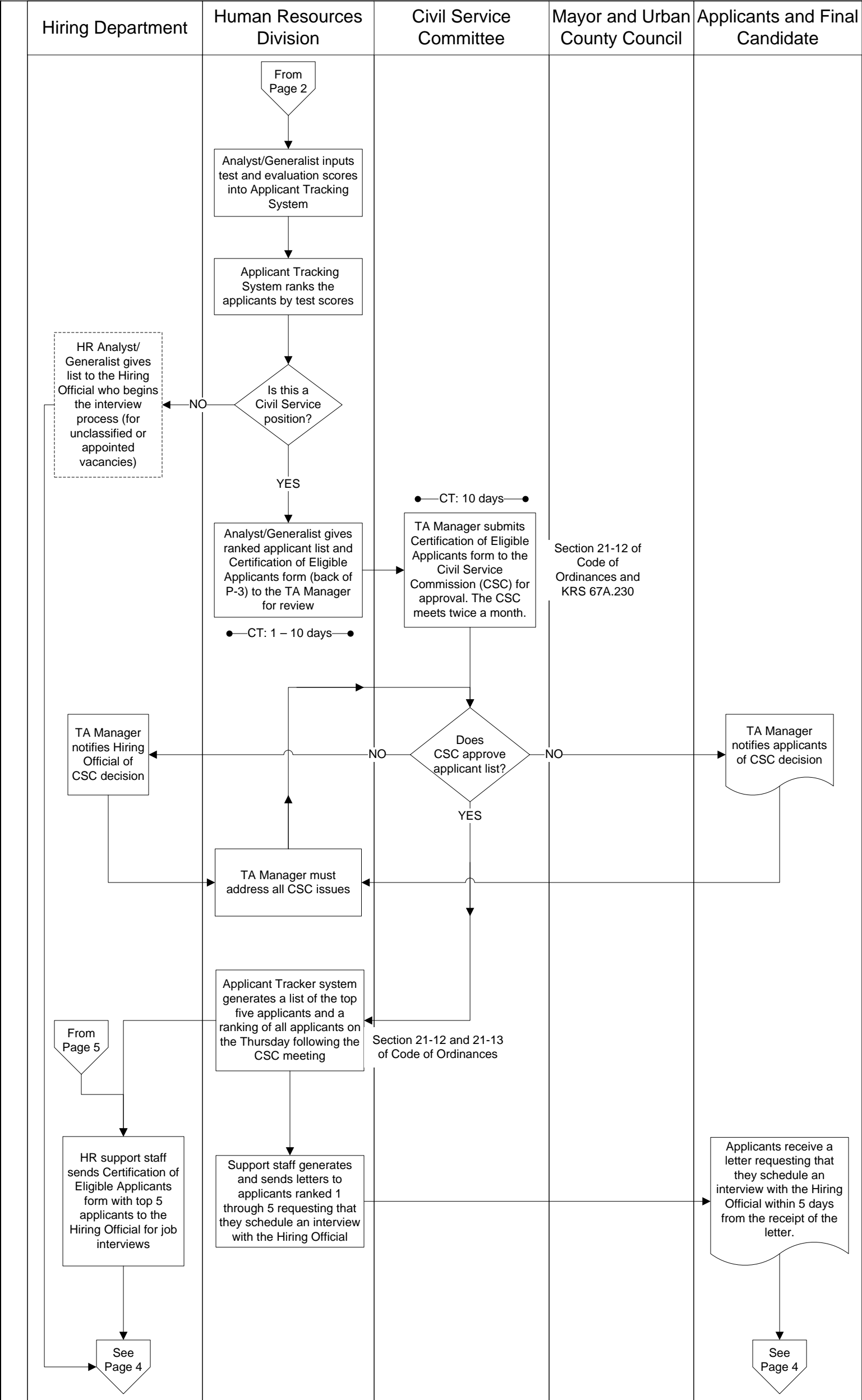


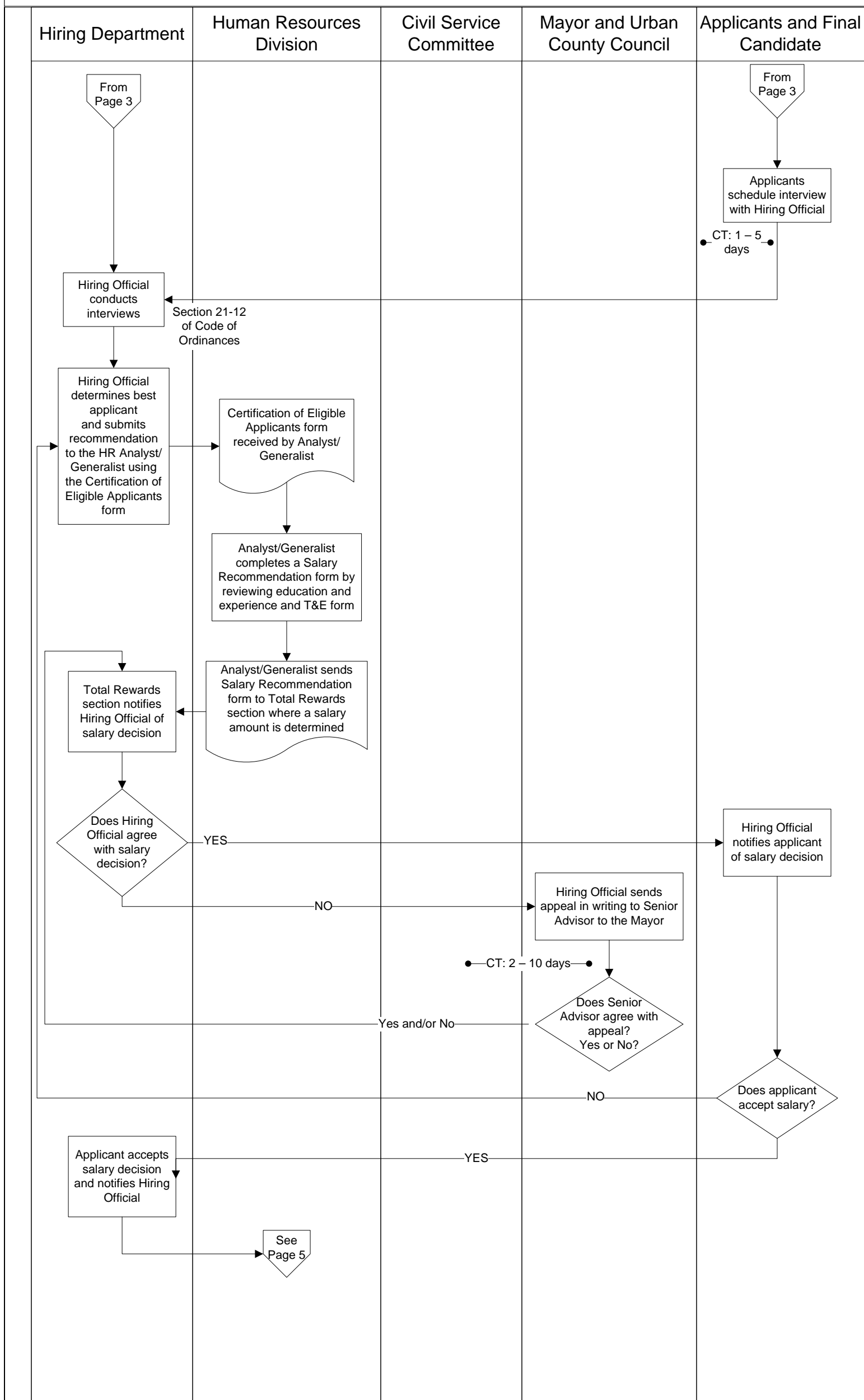


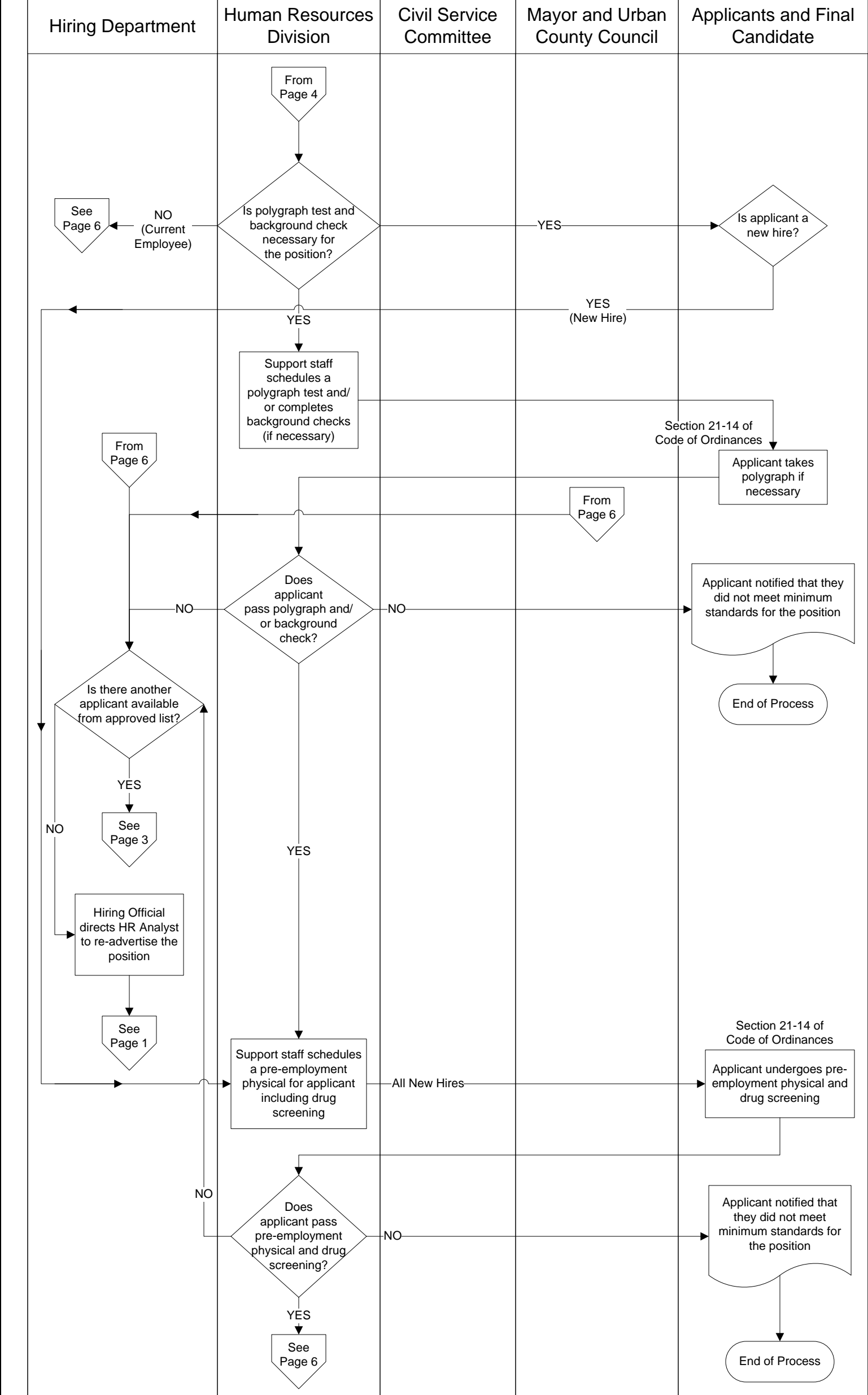
ATTACHMENT G-4 PROCESS MAP OF THE CITY'S RECOMMENDED HIRING PROCESS

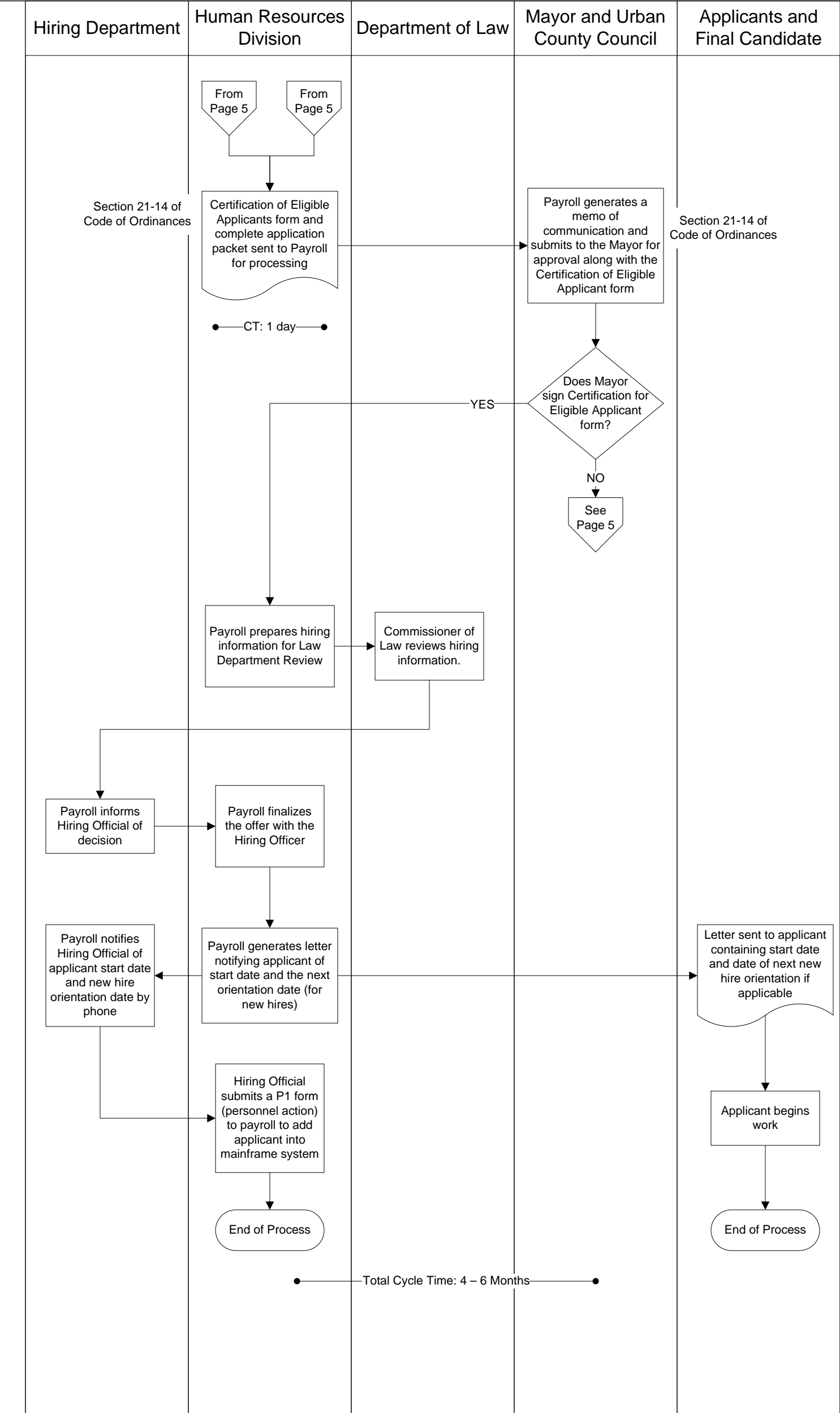












ATTACHMENT H-1 FACILITIES MAINTENANCE BEST PRACTICES CATEGORIES AND CITY STATUS

1. Inventory building components and assess their conditions annually or more frequently if necessary.

Indicator	Yes	No	Partial	Comments
Does the local government periodically inspect the condition of building components?			X	In some cases this is done, but not consistently or universally. For most City facilities there is no such inspection.
Does the local government keep a comprehensive list of building systems and equipment with information such as location, model type, warranty information, age, and replacement parts?		X		
Does the local government assign condition ratings to building components?		X		
Does the local government regularly update facility inventories to reflect changes in square footage, condition, value, and maintenance practices?			X	Risk Management maintains a nearly comprehensive list of property values and the value of the contents of the building.
Do technicians and managers receive training to conduct the condition assessments?			X	Training that is available is for maintaining the minimum technical certifications required.
Do trained technicians and managers use written guidelines, standardized checklists, or automated systems to conduct the assessments?			X	The use of TMA for facilities management is admirable. However, it is not kept current. It is not used universally throughout the City.

2. Develop and maintain an objective process for setting priorities among maintenance projects.

Indicator	Yes	No	Partial	Comments
Is there any system in place that evaluates the relative importance of different projects taking into consideration building usage?			X	The budget process is used to evaluate maintenance priorities, but there is no specific priority setting of maintenance projects.
Does the system use standardized costing?		X		
Is there a cost/benefit of life-cycle costing approach in place?		X		See King County, Washington for an example of best practice in analytical, life-cycle costing.

3. Complete and maintain as current a strategic plan both for long and short term maintenance priorities, including a funding plan.

Indicator	Yes	No	Partial	Comments
Is there a written long-range building maintenance plan?		X		
Is there a listing of deferred maintenance?		X		
Does the plan include an estimate of useful life for major components?		X		
Is there a funding vehicle in place to generate two to four percent annually for ongoing maintenance?		X		
Are designated reserve funds in place for building replacement?		X		
Do capital investment decisions include an estimate of operating and maintenance costs?			X	Our understanding is that this is sometimes taken into consideration, but it is not a uniform or consistent process.
Are performance measures in place? <ul style="list-style-type: none"> o Deferred maintenance backlog tracking o Building condition index o Ratio of deferred maintenance to replacement cost o Ratio of preventive maintenance expenditures to deferred maintenance backlog 		X		

4. Operate a structured preventative maintenance program.

Indicator	Yes	No	Partial	Comments
Is there a designated department or employee to coordinate and assign maintenance projects?		X		
Is there a preventive maintenance checklist and inspection program?		X		TMA is able to generate preventative maintenance work orders. However, preventative maintenance is not conducted at regular intervals due to budgets shortfalls, inadequate labor, and constant rehab and repair on newly acquired buildings.
Are monthly and weekly preventative maintenance schedules in place?		X		
Are hours devoted to preventative maintenance tracked?		X		
Are building occupants surveyed about services?			X	After the work is completed, Building Maintenance and Construction randomly surveys building occupants who requested the repairs. This is not universally practiced.
Are preventative maintenance expenditures per square foot tracked and evaluated against peer jurisdictions?		X		
Does the City routinely investigate options for the delivery of maintenance services that would be potentially more cost effective?		X		Outsourcing and managed competition are frequently used especially for custodial and janitorial services.

5. Utilize technology and tools.

Indicator	Yes	No	Partial	Comments
Are historical records on maintenance, utilities and emergency repairs maintained?	X			
Is the City using a preventative maintenance software system?			X	The software system exists, but is not utilized.
Are procedural manuals in place?	X			
Does the City have a work order system in place and is it utilized?	X			
Are work orders being tracked, evaluated and added to a database?			X	Not universally.
Are building utility systems electronically monitored and optimized?		X		
Have standards and priorities for responding to work orders been developed?		X		Most work is a result of work orders received electronically or through 311.

6. Provide training and staff development.

Indicator	Yes	No	Partial	Comments
Are maintenance workers trained to recognize and diagnose maintenance problems in assigned buildings?			X	Done in an ad-hoc manner.
Is training provided on energy conservation, technology and cost/ benefit or lifecycle costing?		X		
Is there a management track for building maintenance staff?		X		

There are other Best Practices found in throughout the industry that are applicable to the LFUCG:

- For the 54 buildings that the LFUCG leases out, the government should be able to identify not only gross area, but also rentable area. To measure rentable area, subtract major vertical penetrations, interior parking space, exterior walls, and void areas from the gross area. Rentable square feet is frequently used in benchmarking against other communities and is especially useful in determining costs per square foot.
- The LFUCG should track square footage per occupant. Best practice communities measure both gross and rentable square feet per occupant as a way to track space allocation.
- Many best practice communities track utility use and expenditure as a function of energy consumption. The LFUCG should track utility consumption using a matrix similar to the one found below that is employed by members of the International Facilities Management Association:

Utility Consumption					
	Electricity	Fuel Oil	Gas	Water	Sewage
	kWh/GSF	Gallons/GSF	CCF/GSF	Gallons/GSF	Gallons/GSF
Facility 1					
Facility 2					
Facility 3					
Facility 4					
Facility 5					
Facility 6					
Mean					

- Environmental costs are those costs associated with providing the satisfactory levels of air and water quality, as well as waste removal. These costs are incurred by ensuring regulatory compliance with federal, state, and municipal laws. Environmental costs include consulting fees, monitoring and testing, remedial work and abatement issues, along with solid and hazardous waste removal. Asbestos removal should be considered hazardous waste. Below is a table that may be used.

Environmental Costs						
	Monitoring/R SF	Consulting Fees/RSF	Remedial and Abatement/R SF	Solid Waste Removal/R SF	Hazardous Waste Removal/R SF	Recycling/R SF
Facility 1						
Facility 2						
Facility 3						
Facility 4						
Facility 5						
Facility 6						
Mean						

Typical functions or organizational units in a comprehensive facilities management department:

- Building Maintenance: All best practice communities surveyed had the building maintenance function within the Building/Facilities Management Department. This function can have a variety of responsibilities. In King County, Washington, the maintenance function comprises all custodial, construction, storage, electrical work, as well as asbestos abatement. This is very similar to the Building Maintenance division in the City of Lexington. While in Austin, Texas the Maintenance Division contains all skilled trades improvements except electrical and equipment work. The functions that are universally included are the constructions trades such as carpentry, for minor repairs, plumbing, and painters.
- Custodial Services: In some communities like King County, Washington and LFUCG, this function is a part of the Building Maintenance. In Phoenix it is a separate function of facilities management. This typically consists of housekeeping duties, scheduled and as needed re-lamping, furniture moving, setting up for events, breaking down events, and stocking materials (soap, paper towels, toilet paper, etc.)
- Contract Management: the City of Phoenix, Arizona and King County, Washington both have dedicated staff to manage contracts for services that range from pest control, carpet cleaning, waste removal, window cleaning, and general custodial services.
- Building Operations: Often, this is referred to as Plant Maintenance and is included in the Building Maintenance function. This includes electrical work, equipment maintenance, and HVAC repairs. The City of Phoenix has a separate Operations section.

- Capital Projects Management: King County, Washington and the cities of Long Beach and Phoenix all have dedicated staff and resources to the capital planning for municipal facilities. These divisions are responsible for permit acquisition, design specification, and bidding of the project. This division will also manage the contracts of the capital project construction.

Facilities planning is often combined with the capital projects management function, as is the case with King County, Phoenix, and Long Beach but can also be a standalone function, as in Austin, Texas. Facilities planning generally handles requests regarding space planning and tracking, remodeling, systems furniture purchases and installation, small construction projects, roof replacements, construction plan reviews and project consulting services. They also work closely with capital improvement projects related to building maintenance and assist departments with implementation of their long-term facility plans.

ATTACHMENT H-2 EXAMPLES OF FLEET MANAGEMENT PERFORMANCE MEASURES

Maintenance & Repair Performance Measures

- Ratio of direct technician labor hours to indirect technician labor hours
- Downtime (or uptime) percentage by class of vehicle (excludes accidents)
- • Percentage repairs that are repeat repairs (comebacks by shop)

Performance Measures that Monitor PM Compliance

- Mechanic Performance: Measures mechanic performance against time standard for each PM service (A, B, C, D) for each class of vehicle over a given period.
- PM Compliance: Measures the percentage (%) of PM inspections performed against PM's due and scheduled on a monthly basis. PM labor hours backlogged at month-end.

Parts Services Performance Measures

- Downtime due to parts
- Percentage of repairs delayed due to stockouts/lack of parts
- Percentage charge or markup on the price of parts; by light duty; by heavy duty
- Parts turnover ratio (total number of parts used during a specified period divided by the average number of parts on hand at any given time)

Fuel Services Performance Measures

- **Fully burdened cost of gallon of fuel**
- **Average fuel consumption (miles per gallon) by vehicle and class**
- **Fuel cost per mile**

Acquisition, Replacement and Disposal Performance Measures

- Replacement performance measures
- Proportion of vehicles driven below minimum miles/hours criteria

- Average annual utilization (miles, hours) by vehicle class and type of assignment;
Ratio of annual utilization (miles, hours) by vehicle class to capacity (or output available)
- Disposition Performance Measures
- Average salvage value per class by method of disposition
- Ratio of salvage value to original purchase price

Other Performance Measures

Agency Profit/Loss

Net annual revenues vs. operating expenditures (profit/loss) by fleet by class and by vehicle

Fleet Costs

Total vehicle cost per mile/hour by fleet, by department, by class, by vehicle function

Capital cost per mile/hour by fleet, by department, by class, by vehicle function

Annual unit cost of each vehicle by class

Operating and maintenance cost per vehicle by class

Administrative overhead and replacement cost per vehicle by class

ATTACHMENT H-3 SAMPLES OF FLEET MANAGEMENT INFORMATION REPORTS

Fleet Maintenance Reports-Management (monthly/quarterly/yearly unless otherwise noted)

- A. Actual operating costs versus budgeted costs
- B. PM's scheduled vs. PM's performed
- C. Ratio of scheduled maintenance to unscheduled maintenance
- D. Ratio of direct time (wrenching) to indirect time (non-wrenching)
- E. Number and percentage of vehicles/equipment exceeding standards on number of repeat repairs, cost of repairs, road calls, downtime, utilization, cost per mile
- F. Accident report and cost estimate of damage
- G. Damage to vehicles/equipment due to neglect/abuse and related costs
- H. Shop labor rate and markups/charges (bi-annually)

Fleet Maintenance Reports-Customers (Divisions) (monthly/quarterly/yearly unless otherwise noted)

- A. Preventive maintenance schedule (monthly)
- B. Utilization by unit
- C. Downtime percentage-benchmarked according to targets

ATTACHMENT H-4 MEDIUM AND HEAVY DUTY TRUCKS THAT HAVE LOW OR MEDIUM USE RATES

Unit #	Model Year	Unit Make	Unit Model	Division	Unit Age-Years	Life-to-Date Miles	Average Miles Driven per Year	Miles Driven FY 07	Average Miles Driven per Month (Life-to-Date)	Average Miles Driven per Month FY07	Class	STATUS
1500	1997	INTHR	4700 DUMP	Building Maintenance	10.0	17,511	1,751	354	146	30	DD	Heavy Equip Pool
8242	2006	FORD	E450 BUS	Community Corrections	1.1	811	735	805	61	67	DB	Transports Inmates
961	1992	OSHKH	BUS	Community Corrections	9.9	16,779	1,702	909	142	76	DB	Transports Inmates
422	1999	FORD	F450	Fleet	8.0	8,311	1,039	477	87	40	DT	Surplus
249	1993	INTHR	4900	Leaf Collection	14.0	133,704	9,550	2,536	796	211	DD	Specially Designed
1012	1996	PETE	320	Leaf Collection	11.0	46,765	4,251	938	354	78	DF	Specially Designed
1011	1996	PETE	320	Leaf Collection	11.0	1,091	1,587	-	132	132	DF	Specially Designed
8269	2008	IINTHR	7300	Leaf Collection	New						DF	Surplus
8270	2008	IINTHR	7300	Leaf Collection	New						DF	Surplus
8271	2008	IINTHR	7300	Leaf Collection	New						DF	Surplus
8272	2008	IINTHR	7300	Leaf Collection	New						DF	Surplus

Unit #	Model Year	Unit Make	Unit Model	Division	Unit Age-Years	Life-to-Date Miles	Average Miles Driven per Year	Miles Driven FY 07	Average Miles Driven per Month (Life-to-Date)	Average Miles Driven per Month FY07	Class	STATUS
8273	2008	IINTHR	7300	Leaf Collection	New						DF	Surplus
8274	2008	IINTHR	7300	Leaf Collection	New						DF	Surplus
1026	1991	INTHR	SCHOOL BUS 4700	Parks	16.0	47,494	2,968	1,436	247	120	DB	Non-Employees Hauls
1513	1997	INTHR	DUMP 4700	Parks	10.0	36,285	3,629	1,552	302	129	DD	Materials Hvy Equip.
1504	1997	INTHR	DUMP	Parks	10.0	42,505	4,251	2,268	354	189	DD	Pool
1726	1996	PETE	320	Parks	11.0	27,652	2,514	1,260	209	105	DF	Surplus
1567	1986	FORD	F600	Parks	21.0	55,425	2,639	249	220	21	DL	Surplus
8265	2008	INTHR	4300	Parks	0.2	866	3,719	476	310	40	DL	Specially Designed Hauls
251	1993	GMC	3500HD	Lakeside Refuse	14.0	20,363	1,455	482	121	40	DD	Materials Specially Designed
1559	1998	PETE	320	Collection Refuse	9.0	68,996	7,666	2,434	639	203	DE	Specially Designed
8008	2000	INTHR	4900	Collection Refuse	7.0	52,450	7,493	602	624	50	DF	Specially Designed
1562	1998	PETE	320	Collection Refuse	9.0	87,231	9,692	1,253	808	104	DF	Specially Designed
8259	2006	MACK	LE613	Collection Refuse	0.4	1,502	4,153	1,380	346	115	DF	Specially Designed
8041	2000	PETE	320	Collection	7.0	14,582	2,083	#N/A	174	174	DF	Specially Designed

Unit #	Model Year	Unit Make	Unit Model	Division	Unit Age-Years	Life-to-Date Miles	Average Miles Driven per Year	Miles Driven FY 07	Average Miles Driven per Month (Life-to-Date)	Average Miles Driven per Month FY07	Class	STATUS
8236	2006	MACK	LE613	Refuse Collection	1.1	2,938	2,641	2,729	220	227	DF	Specially Designed
8258	2006	MACK	LE613	Refuse Collection	0.5	1,282	2,802	1,262	233	105	DG	Specially Designed
8257	2006	MACK	LE613	Refuse Collection	0.5	1,289	2,801	1,286	233	107	DG	Specially Designed
8071	2003	MACK	LE613	Refuse Collection	4.0	23,164	5,791	2,289	483	191	DG	Specially Designed
8240	2006	MACK	LE613	Refuse Collection	1.0	2,751	2,751	2,687	229	224	DG	Specially Designed
8083	2002	MACK	LE613	Refuse Collection	5.0	27,187	5,437	2,984	453	249	DG	Specially Designed
8070	2003	MACK	LE613	Refuse Collection	4.0	30,863	7,716	3,402	643	284	DG	Specially Designed
8074	2003	MACK	LE613	Refuse Collection	4.0	32,868	8,217	3,570	685	298	DG	Specially Designed
8256	2007	INTHR	7300	Refuse Collection	0.6	5,677	9,009	5,266	751	439	DN	Specially Designed
8080	2003	INTHR	7400	Refuse Collection	4.0	10,634	2,659	1,313	222	109	DO	Specially Designed
8091	2002	FREIGHT	FL70	Refuse Collection	3.8	11,281	2,986	3,397	249	283	DO	Specially Designed
8050	1999	GMC	T7500	Refuse Collection	8.0	6,245	781	27	65	2	DK	Surplus
979	1996	INTHR	4700	Refuse Collection	11.0	23,258	9,060	888	755	74	DK	Surplus
1192	1996	INTHR	4700 DUMP	Sanitary Sewers	11.0	2,356	214	90	18	8	DD	Hauls Materials

Unit #	Model Year	Unit Make	Unit Model	Division	Unit Age-Years	Life-to-Date Miles	Average Miles Driven per Year	Miles Driven FY 07	Average Miles Driven per Month (Life-to-Date)	Average Miles Driven per Month FY07	Class	STATUS
1032	1995	INTHR	4900 DUMP	Sanitary Sewers	12.0	22,427	1,869	110	156	9	DD	Surplus Hauls Materials
1194	1996	INTHR	4700 DUMP	Sanitary Sewers	11.4	3,040	267	183	22	15	DD	
1033	1995	INTHR	4900 DUMP	Sanitary Sewers	12.0	21,725	1,810	197	151	16	DD	Surplus
1125	1991	INTHR	4900 DUMP	Sanitary Sewers	16.0	1,109	69	218	6	18	DD	Surplus Hauls Materials
1188	1996	INTHR	4700 DUMP	Sanitary Sewers	11.0	7,697	700	417	58	35	DD	Hauls Materials
1142	1996	INTHR	4700 DUMP	Sanitary Sewers	11.0	26,313	2,392	951	199	79	DD	Hauls Materials
1146	1996	INTHR	4700 DUMP	Sanitary Sewers	11.0	44,374	4,034	1,293	336	108	DD	Hauls Materials
1141	1996	INTHR	4700 DUMP	Sanitary Sewers	11.0	40,912	3,719	1,822	310	152	DD	Specially Designed Hauls Materials
1506	1997	INTHR	4700 DUMP	Sanitary Sewers	10.0	32,169	3,217	2,216	268	185	DD	
1123	1991	INTHR	4900 DUMP	Sanitary Sewers	16.0	340	97	2,296	8	191	DD	Surplus Hauls Materials
1505	1997	INTHR	4700 DUMP	Sanitary Sewers	10.0	37,048	3,705	2,573	309	214	DD	
1568	1986	FORD	F600	Sanitary Sewers	21.0	82,061	3,908	191	326	16	DL	Surplus
1206	1982	FORD	F8000	Sanitary Sewers	25.0	17,369	695	-	58	58	DM	Surplus
5143	1997	JOHNS	J4000 STSW	Street Cleaning	10.0	45,565	4,557	2,328	380	194	FA	Specially Designed

Unit #	Model Year	Unit Make	Unit Model	Division	Unit Age-Years	Life-to-Date Miles	Average Miles Driven per Year	Miles Driven FY 07	Average Miles Driven per Month (Life-to-Date)	Average Miles Driven per Month FY07	Class	STATUS
7086	2001	FORD	F450	Streets & Roads	6.0	8,526	1,421	1,419	118	118	DC	Specially Designed
7303	2008	FORD	F450	Streets & Roads	0.4	593	1,344	587	112	49	DD	Specially Designed
8246	2006	FREIGHT	M2 7300	Streets & Roads	1.0	878	888	878	74	73	DD	Specially Designed
8220	2006	INTHR	DUMP	Streets & Roads	1.9	2,622	1,346	2,608	112	217	DD	Hauls Materials
1967	1987	INTHR	S1700	Streets & Roads	20.0	43,447	2,172	1,275	181	106	DP	Specially Designed

ATTACHMENT H-5 LOW AND MEDIUM-USE VEHICLES RECOMMENDED FOR REDUCTION OR POOLING

Listed below are the one hundred seven (107) vehicles and equipment that were identified as candidates for reduction and or pooling based on a review of utilization data, information obtained from the fleet survey and interviews with the various Divisions.

Division	Unit No.	Type	Location	Disposition
Bldg. Maintenance	1875	Pickup	Govt Center	Surplus
	7131	Sedan	Govt Center	Surplus
	7030*	Van	Old Frankfort Pike	Surplus
	1500	Dump	Old Frankfort Pike	Heavy Equip. Pool
	0424	Flat Bed	Old Frankfort Pike	Heavy Equip. Pool
	7141	Sedan	Old Frankfort Pike	Surplus
Bldg. Inspection	992*	Sedan	Government Center	Surplus
	938	Sedan	Government Center	Surplus
	1671	Sedan	Government Center	Surplus
	7072	Sedan	Government Center	Surplus
	7076	SUV	Government Center	Surplus
	7073	Sedan	Government Center	Surplus
	7311	Sedan	Government Center	Surplus
Code Enforcement	1609*	Pickup	Government Center	Surplus
	1660*	Sedan	Government Center	Surplus
	1664*	Sedan	Government Center	Surplus
	7138*	Sedan	Government Center	Fleet Loaner Pool
Government Communications	7163	Van	Government Center	Surplus
Community Corrections	7434	Sedan	Jail	Surplus
	1603	Van	Jail	Surplus
Community Development	1936	Sedan	Government Center	Surplus
	1938	Sedan	Government Center	Surplus
Coroner	7044	Sedan	Government Center	Surplus
	1712	Van	Government Center	Surplus
DEEM	1591	Van	Government Center	Surplus
Revenue	7043	Sedan	Government Center	Surplus
Engineering	1928*	Pickup	Government Center	Surplus
	1621*	Pickup	Government Center	Fleet Services Pool
	7239*	Pickup	Government Center	Fleet Services

Lexington Fayette County Urban Government
Organization Review

Division	Unit No.	Type	Location	Disposition
				Pool
	7382*	SUV	Government Center	Surplus
	7383*	SUV	Government Center	Surplus
	7387	SUV	Government Center	Surplus
	7378	SUV	Government Center	Surplus
Fire	5221	Skid Steer	Fire Headquarters	Surplus
General Services- Fleet	7087	Sedan-Hybrid	Fleet Services	Surplus
	0422	Wrecker	Fleet Services	Surplus
	7284	Passenger Van	Fleet Services	Surplus
	7407	Passenger Van	Fleet Services	Surplus
General Services Pool	7170	Sedan	Government Center	Surplus
	7036	Sedan	Government Center	Surplus
	7142	Sedan-Hybrid	Government Center	Surplus
	7139	Sedan-Hybrid	Government Center	Surplus
	7092	Sedan-Hybrid	Government Center	Surplus
	1906	Van	Government Center	Surplus
	7169	Sedan	Government Center	Surplus
	7127	Sedan	Government Center	Surplus
	7168	Sedan	Government Center	Surplus
	7146	Sedan	Government Center	Surplus
	7048	SUV	Government Center	Surplus
Refuse	7029	SUV	Waste Mgmt. Center	Downsize
	8050	Flat Bed	Waste Mgmt. Center	Surplus
	979	Flat Bed	Waste Mgmt. Center	Surplus
	7423	Sedan-Hybrid	Waste Mgmt. Center	Surplus
Parks	1073*	Sedan	Picadome	Surplus
	7424*	Sedan-Hybrid	Picadome	Surplus
	7355	Pickup	Picadome	Surplus
	1066	Sedan	Picadome	Surplus
	7356	Pickup	Picadome	Fleet Loaner
	1504	Dump Truck	Masterson Station	Heavy Equip. Pool
	1726	Refuse Truck	Masterson Station	Surplus
	1567	Flat Bed	Masterson Station	Surplus
	1649	Pickup	Masterson Station	Surplus
	1214	Van	South Base/Fleet Services	Surplus
	1623	Pickup	Dunbar/Fleet Services	Surplus
	1927	Pickup	Dunbar/Fleet Services	Surplus
	7406	Van	Dunbar	Surplus
	7262	Van	North Base	Downsize

Division	Unit No.	Type	Location	Disposition
	1605	Pickup	North Base/Fleet Services	Surplus
	5108	Front End Loader	North Base	Surplus
	5136	Tractor	Jacobson Park	Surplus
	5131	Tractor	Shellito Park	Surplus
	5070	Tractor	Cardinal Run	Surplus
	1698	Tractor	Raven Run	Surplus
	1072	Sedan	Masterson Station	Surplus
Golf Course	5071	Tractor	Kearney Hill	Surplus
Leaf Collection	8269	Dump Truck	N/A	Surplus
	8270	Dump Truck	N/A	Surplus
	8271	Dump Truck	N/A	Surplus
	8272	Dump Truck	N/A	Surplus
	8273	Dump Truck	N/A	Surplus
	8274	Dump Truck	N/A	Surplus
Streets & Roads	2311	Compressor	Old Frankfort Pike	Surplus
	7240*	Pickup	Old Frankfort Pike	Surplus
	1622*	Pickup	Old Frankfort Pike	Surplus
Traffic Engineering	7039	Sedan	Government Center	Surplus
	1680	Sedan	Government Center	Surplus
	7046	Sedan	Government Center	Surplus
Landfill and Disposal	7159	Pickup	Government Center	Surplus
Historic Preservation	7140	Sedan-Hybrid	Government Center	Fleet Loaner Pool
E-911	1607	Pickup	Government Center	Surplus
Sanitary Sewers	5165	Tractor	West Hickman	Surplus
	5169	Tractor	West Hickman	Surplus
	7004*	SUV	Town Branch	Surplus
	7337	Pickup	West Hickman	Surplus
	1206	Sewer Cleaner	West Hickman	Surplus
	1032	Dump	West Hickman	Surplus
	1033	Dump	West Hickman	Surplus
	1123	Dump	West Hickman	Surplus
	1125	Dump	West Hickman	Surplus
	1568	Aerial Lift Truck	Town Branch	Surplus
	7299	Pickup	West Hickman	Surplus
	7336	Pickup	West Hickman	Surplus
	7334	Pickup	West Hickman	Surplus
	7445	Pickup	West Hickman	Surplus
	1911	SUV	Town Branch	Surplus
	5222	Tractor	West Hickman	Surplus

Division	Unit No.	Type	Location	Disposition
	1829	Sedan	West Hickman	Surplus
Information Technology	1662	Sedan	Government Center	Surplus

* Denotes units which are assigned to vacant positions and will need to be justified once the positions are filled.

Fleet Services is currently outfitting six new dump trucks for use in the Leaf Collection Division. These units are additions to the fleet, not replacements. These trucks are primarily used in the leaf collection process that runs about 3 1/2 months out of the year. These units cost \$70,000 each plus the cost of installing bodies. Additionally, they require special leaf cages (\$2,500 each) plus the labor required to install them. The City may want to consider using some or all of the seven dump trucks recommended to be turned in for surplus and use the new trucks for replacing older dump trucks due for replacement during the next couple of years.

ATTACHMENT H-6 COMPARISON OF CITY POOL VEHICLE COST VERSUS EMPLOYEE REIMBURSEMENT

COST COMPARISON: ASSIGNED VEHICLE VS PERSONAL MILEAGE REIMBURSEMENT

Miles Per Month	Permanently Assigned Ford Taurus Ownership and Operational Costs*	Cost to Reimburse For Use of Personal Car at \$0.485/mile
100	\$218.98	\$48.50
200	\$236.95	\$97.00
300	\$254.91	\$145.50
400	\$272.88	\$194.00
416	\$275.75	\$201.76
500	\$290.85	\$242.50
600	\$308.81	\$291.00
659	\$319.41	\$319.62
700	\$326.78	\$339.50
800	\$344.75	\$388.00
1000	\$380.68	\$485.00

Figures in BLUE reflect the average monthly miles traveled by LFUCG administrative sedans and their corresponding costs.

Figures in RED reflect breakeven miles at which reimbursement costs begin to exceed LFUCG's costs.

LFUCG COSTS*

Monthly Replacement/Overhead Costs		
Replacement:	Cost of 2001 Ford Taurus	\$15,361
	Less Salvage Value (10%)	(\$1,536)
	Total	\$13,825
	Divide by Life of Vehicle (Months)	72
	Replacement Cost/Month	\$192
Overhead:	Asset Mgmt/Admin. Costs (Month)	\$9
Total Monthly Replacement/Overhead Costs		\$201
Per Mile Cost for Maintenance & Operations and Fuel		
Maintenance & Operations:	Maintenance/Repair Costs (per mile)	\$0.038

COST COMPARISON: ASSIGNED VEHICLE VS PERSONAL MILEAGE REIMBURSEMENT

Miles Per Month	Permanently Assigned Ford Taurus Ownership and Operational Costs*	Cost to Reimburse For Use of Personal Car at \$0.485/mile
Fuel:	Cost of fuel (per gallon)	\$2.55
	Divide by average miles per gallon	18
	Cost per mile	\$0.142
Total Cost Per Mile for Maintenance/Operations and Fuel		\$0.180

ATTACHMENT H-7 COMPARISON OF CITY POOL VEHICLE COST VERSUS EMPLOYEE REIMBURSEMENT VS RENTAL

COST COMPARISON: POOL VEHICLE vs MILEAGE REIMBURSEMENT vs RENTAL

Miles Traveled Daily	Pool Vehicle-2003 Honda Civic Ownership and Operational Costs*	Cost to Reimburse For Use of Personal Car at \$0.485/mile	Daily Rental Costs of Ford Focus (includes fuel)
10	\$18.71	\$4.85	\$36.94
20	\$20.15	\$9.70	\$37.79
30	\$21.59	\$14.55	\$38.64
40	\$23.03	\$19.40	\$39.49
51	\$24.61	\$24.74	\$40.43
60	\$25.91	\$29.10	\$41.19
70	\$27.35	\$33.95	\$42.04
80	\$28.79	\$38.80	\$42.89
90	\$30.23	\$43.65	\$43.74
100	\$31.67	\$48.50	\$44.59
200	\$46.06	\$97.00	\$53.09
300	\$60.45	\$145.50	\$61.59
320	\$63.33	\$155.20	\$63.29
400	\$74.84	\$194.00	\$70.09

Figures in BLUE reflect mileage point in which reimbursement costs begin to exceed LFUCG pool costs.

Figures in RED reflect mileage point at which LFUCG pool costs begin to exceed rental costs.

LFUCG COSTS*

Monthly Replacement/Overhead Costs		
Replacement:	Cost of 2003 Honda Civic	\$19,400
	Less Salvage Value (10%)	(\$1,940)
	Total	\$17,460
	Divide by Life of Vehicle (Months)	48
	Replacement Cost/Month	\$364
	Replacement Cost/Day	\$16.84
Overhead:	Asset Mgmt/Admin. Costs (Month)	\$9
	Asset Mgmt/Admin. Costs (Daily)	\$0.43
Total Daily Replacement/Overhead Costs		\$17.27

COST COMPARISON: POOL VEHICLE vs MILEAGE REIMBURSEMENT vs RENTAL

Miles Traveled Daily	Pool Vehicle-2003 Honda Civic Ownership and Operational Costs*	Cost to Reimburse For Use of Personal Car at \$0.485/mile	Daily Rental Costs of Ford Focus (includes fuel)
Per Mile Cost for Maintenance & Operations and Fuel			
Maintenance & Operations:	Maintenance/Repair Costs (per mile)		\$0.056
Fuel:	Cost of fuel (per gallon)		\$2.55
	Divide by average miles per gallon		29
	Cost per mile		\$0.088
Total Cost Per Mile for Maintenance & Operations and Fuel			\$0.144

ATTACHMENT H-8 DETAILED CALCULATION OF CITY'S LABOR RATES AND FLEET COSTS

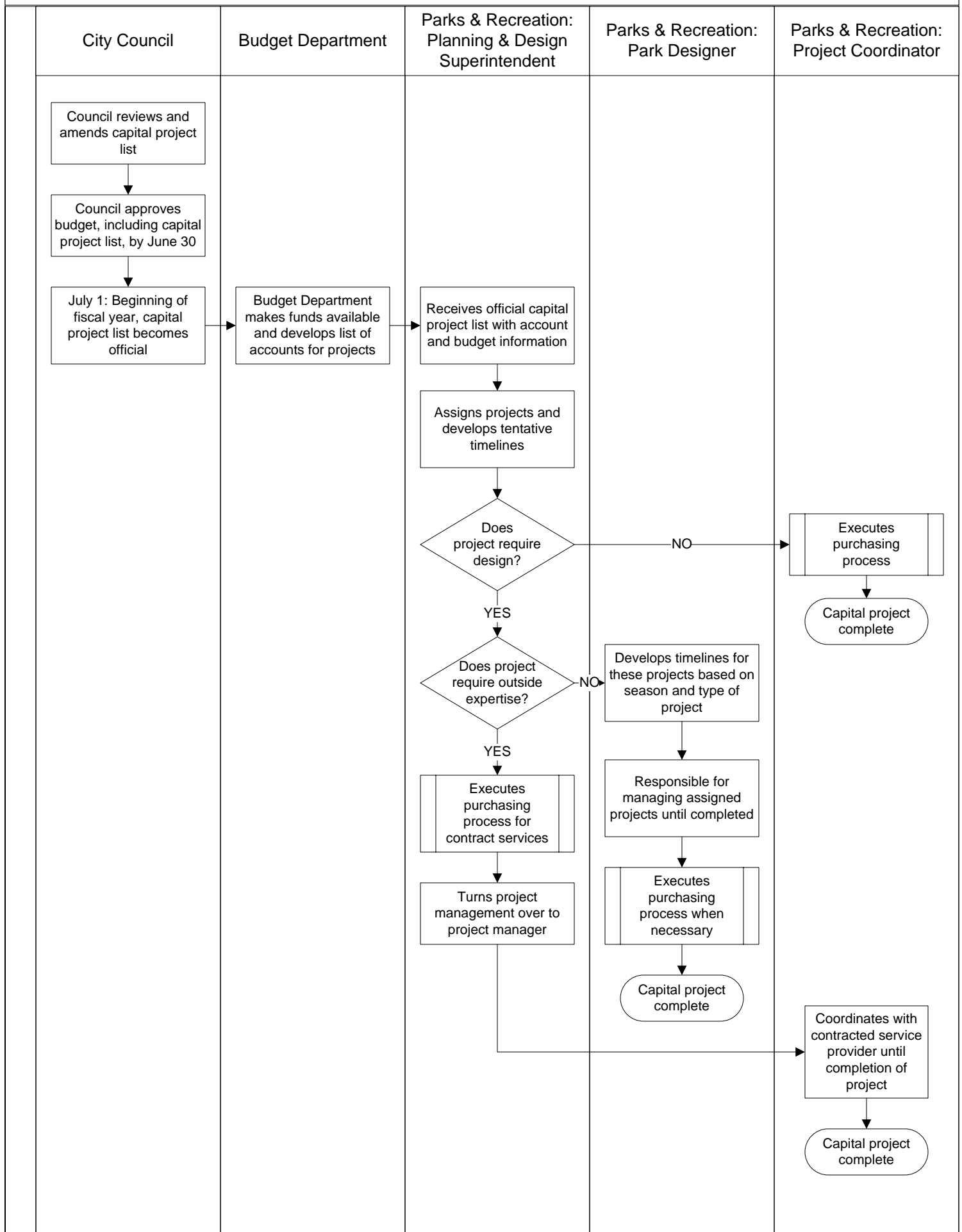
LABOR RATE CALCULATIONS	Fully Burdened Rate No Markups	Fully Burdened Rate With Markups
TOTAL ANNUAL OPERATING COSTS	\$5,539,164	\$5,539,164
<u>Less Costs Directly Charged</u>		
Sublet	(\$118,021)	(\$118,021)
Parts	(\$1,718,214)	(\$1,718,214)
<u>Less Overhead Costs Captured in Markups/Charges</u>		
Admin/Asset Mgmt.		(\$243,209)
Parts		(\$400,660)
Fuel		(\$70,568)
Sublet		(\$110,452)
Body and Paint		(\$124,134)
Make Ready-Auction		(\$145,813)
Balance to be recovered in hourly rate	\$3,702,929	\$2,608,094
Divide by total maintenance/repair hours	39,069	39,069
Labor Rate	\$94.78	\$66.76
MARKUP/CHARGE CALCULATIONS		
<u>ADMINISTRATION/ASSET MANAGEMENT CHARGE</u>		
Direct and indirect asset/admin overhead costs	N/A	\$243,209
Divide by total fleet units		2,162
Admin./Asset Mgmt. Charge Per Unit		\$112
<u>PARTS MARKUP</u>		
Direct and indirect parts overhead costs	N/A	\$400,660
Divide by annual cost of parts		\$1,718,214
Parts Markup		23.32%
<u>FUEL MARKUP</u>		
Direct and indirect fuel overhead costs	N/A	\$70,568
Divide by annual cost of fuel		\$3,969,949
Fuel Markup		1.78%
<u>SUBLET MARKUP</u>		
Direct and indirect sublet overhead costs	N/A	\$110,452
Divide by annual cost of sublet costs		\$118,021
Sublet Markup		93.59%
<u>BODY AND PAINT</u>		
Direct and indirect body and paint overhead costs	N/A	\$124,134
Divide by total number of units requiring body and paint work		610
Body and Paint Markup Per Unit		\$203
<u>MAKE READY-AUCTION</u>		
Direct and indirect make ready overhead costs	N/A	\$145,813
Divide by total number of units auctioned annually		250
Make Ready-Auction Cost Per Unit		\$583

ATTACHMENT H-9 PARKS AND RECREATION BEST PRACTICES MATRIX

	Yes	No	Additional Answers / Comments
1. A clear expression of purpose			
Does your agency have, and make available to the public a written legislative mandate?		X	Part of overall city government mandate
Does your agency have, and make available to the public a written mission statement?	X		
Does your agency have, and make available to the public a written set of defined core services?		X	
Does your agency publish a publicly available annual report?	X		
If so, does it provide hard, numerical information on outcomes?		X	
Does it provide useful budget numbers?		X	
2. Ongoing planning and community development			
Is your park and recreation plan integrated into the full city-wide comprehensive plan?	X		
Do you have a park system master plan that is less than five years old?		X	Funded, to be updated in 2008
Does the agency have an official citizen advisory board or similar community involvement mechanism that meets regularly?	X		
How many contracts do you have with private non-profit organizations?			Dozens of groups rent space, or partner on various programming/events
Do you have a city-wide "park friends" organization?	X		
If so, how many individual parks have "friends" groups?			At least 10 for either all or parts of parks
3. Sufficient assets in land, staffing, and equipment to meet the system's goals			
What was your agency's total actual revenue in the most recent completed fiscal year, including both operating funds and capital funds?			FY2006: \$4,892,883.71 FY2007: \$4,555,208.93 Capital 08 is about \$7.420 MM
What was the city's approximate total level of private donations for parks?			\$130K in cash and in kind this year. Raised another \$60K for 501(c)3
What is the acreage you own (and/or control) within the city limits, broken down into three categories: natural areas, designed areas, and undeveloped areas?			Natural areas = 1,000 acres, Undeveloped = 1,500 acres Total is 4,000 acres
How many acres, if any, do you operate in joint use with a school district?			None. Collaborate on playgrounds.
How many natural resources professionals - horticulturists, foresters, and landscape architects - do you have on staff?			3

	Yes	No	Additional Answers / Comments
Is there a natural resources management plan?		X	Working on it.
How much did your agency spend in the past fiscal year, including maintenance, programming, capital construction, and land acquisition?			About \$20MM. Land acquisition \$1.705MM
Is there a marketing plan for the park system?		X	A draft has been completed
4. Equitable access			
Do you know the distance from every residence to its nearest park?	X		
If your agency charges a user fee for any location or activity, does it offer income-based reductions or scholarships, or free days?	X		
Is there a formal disability advisory group to assist in meeting the physical and programming mission of your park system?		X	Formal LFUCG ADA focus group in place for audits. Representative to NRPA Institute for Inclusion, who handles inclusion and access issues for division
5. User satisfaction			
Do you know the yearly use of your park system (i.e., user-days)?	X		
What is the attendance by time of day, by park, by activity?			Do not track open park attendance but estimate from Needs Analysis Survey
What are the demographics of your users and non-users?			Do not collect attendance demographics
Is there at least one full-time person in the park agency (or elsewhere in the city government) devoted to surveying park users and non-users, and analyzing the surveys?			Done periodically by Enterprise Super. and perform biennial city wide Needs Analysis Survey of 10,000 homes
6. Safety from physical hazards and crime			
How many uniformed park personnel does your agency have or contract with (can include park police, rangers, outdoor park workers, or visible/recognizable volunteers in the parks, but does not include office workers)?			As many as needed from Div. of Police for special events (As many as 20 at a time) All Maintenance people wear uniforms
Do you systematically collect data on crimes that occur in parks?		X	Request from police as needed
Do you systematically collect neighborhood data comparing youth crime rates with the provision of recreational services?		X	
Do you know your system's ratio of male to female users, preferably on a park-by-park basis?		X	
7. Benefits for the city beyond the boundaries of the parks			
Does your city systematically collect data comparing property values near parks with those farther from parks, and report on the findings?		X	

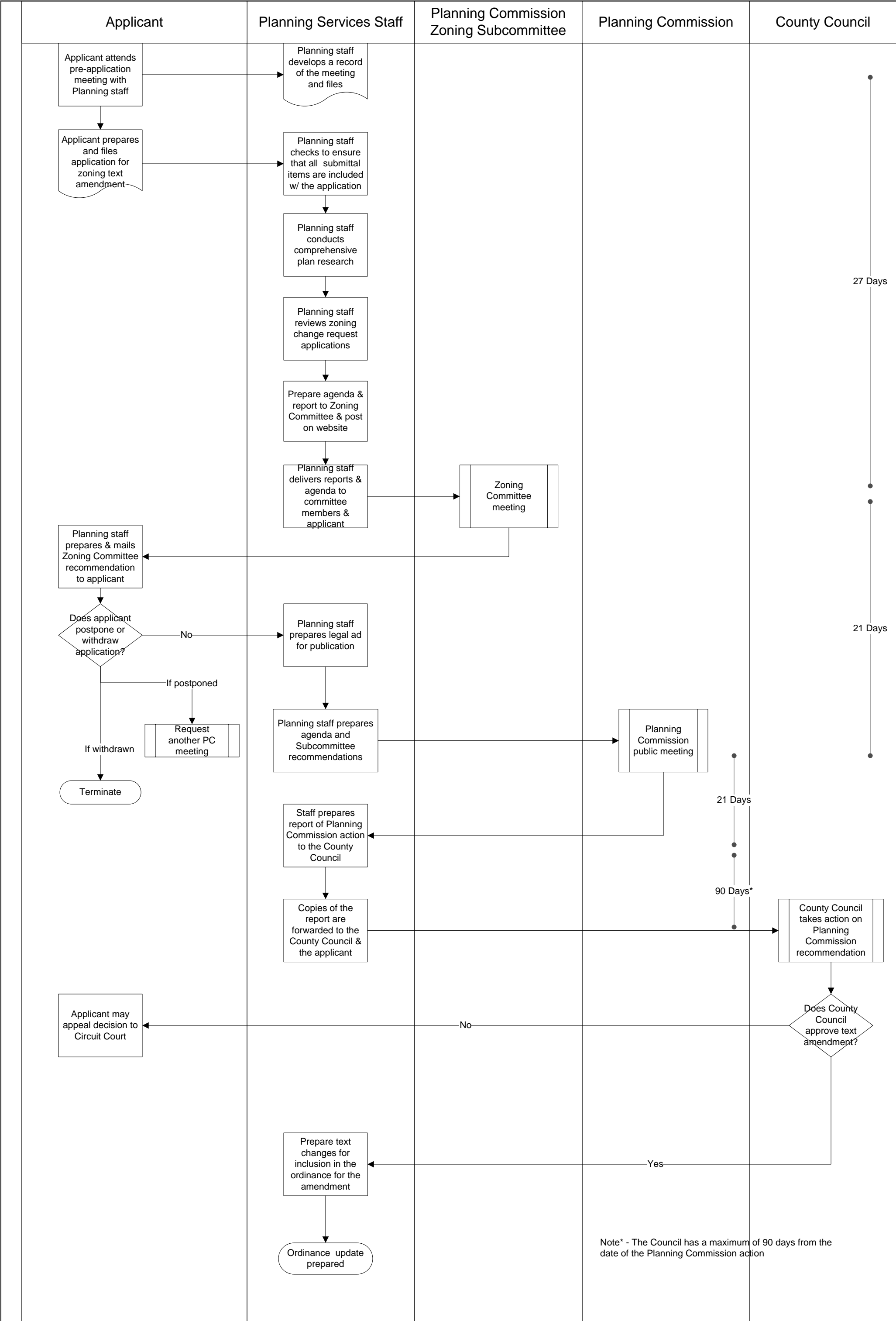
ATTACHMENT H-10 PROCESS MAP OF CITY'S CAPITAL IMPROVEMENT PROCESS (CIP)



ATTACHMENT J-1 PROCESS MAPS FOR ZONING AND MAJOR SUBDIVISION AND DEVELOPMENT PLANS

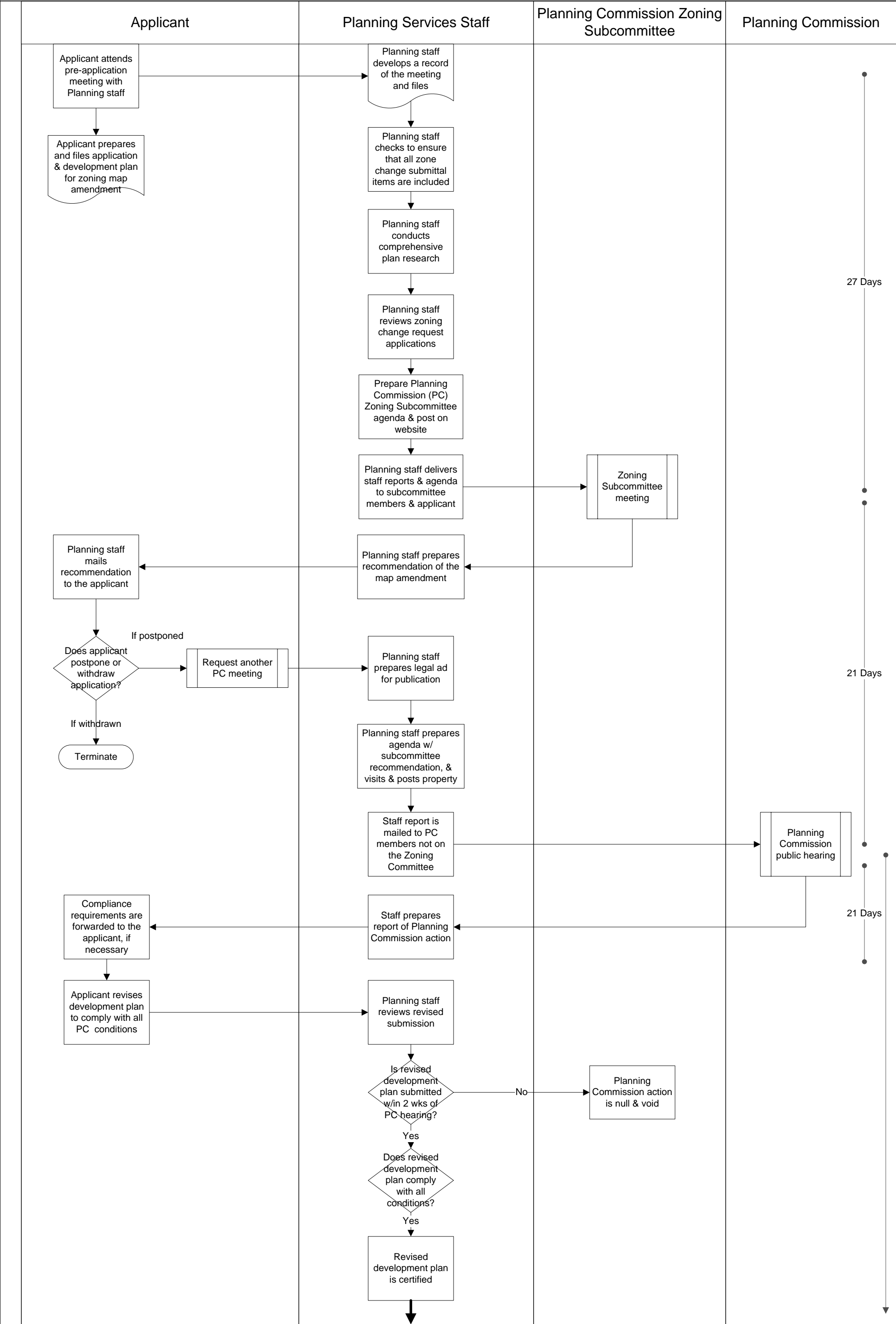
Lexington- Fayette Urban County Government Planning Division – Zoning Text Amendment Process

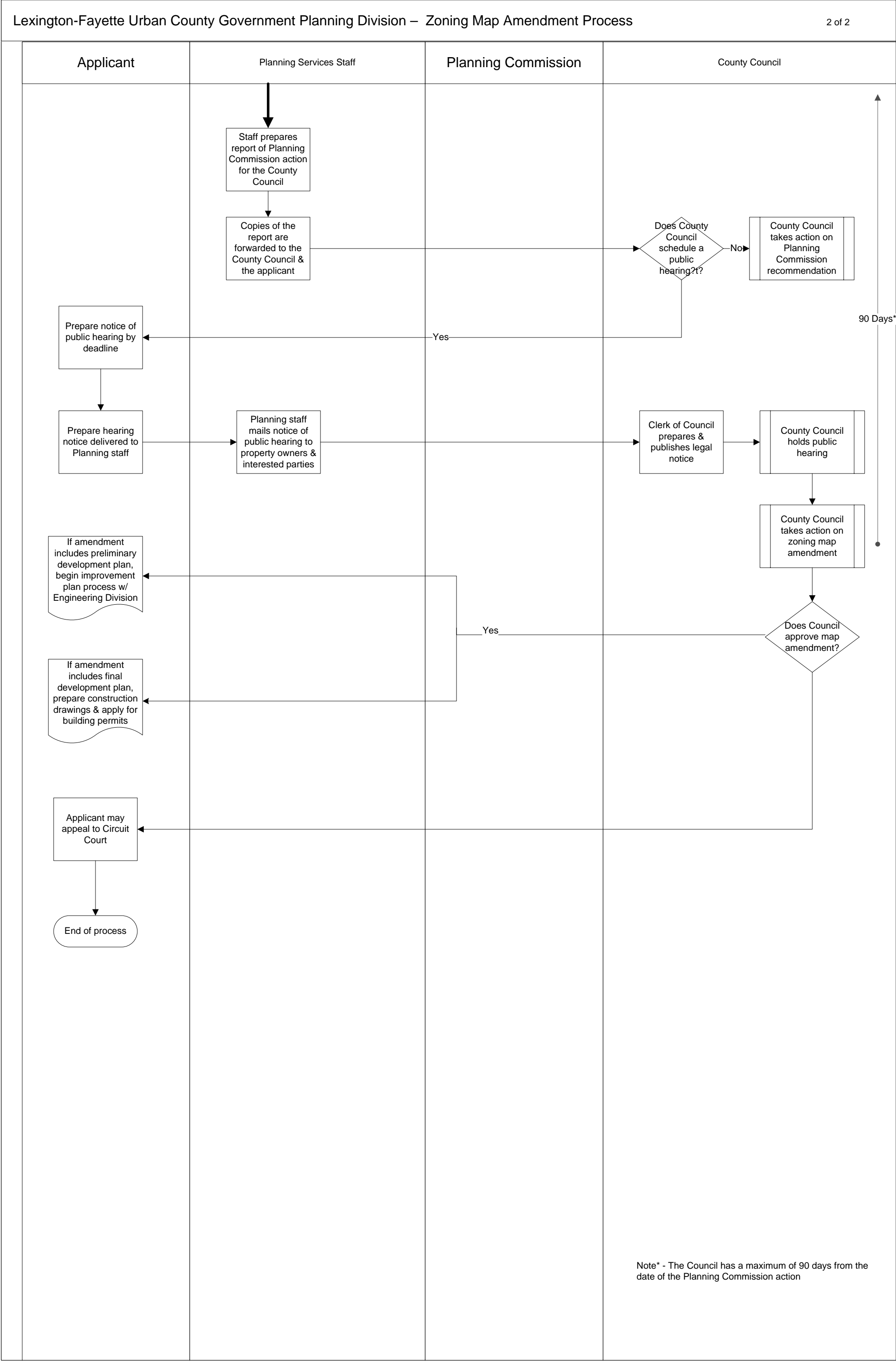
Verified Nov. 5, 2007



Lexington-Fayette Urban County Government Planning Division – Zoning Map Amendment Process

Verified Nov. 5, 2007





ATTACHMENT L-1 APPLYING THE WORKLOAD-RELATED STAFFING METHODOLOGY TO INVESTIGATIONS

This attachment provides a hypothetical case to illustrate how to apply the workload-related staffing methodology recommended in this report. The hypothetical case is a unit that investigates only aggravated assaults and homicides.

Step One: Determining the average number of hours consumed per case assigned for investigation by case type.

To derive this number, the following data must be tracked separately for each type of case assigned to the unit:

- Total number of labor hours spent by unit personnel on cases assigned for investigation
- Total number of cases assigned for investigation

The table below contains the data used for this example.

Table 1 - 2005 Labor Hours and Cases Assigned for Hypothetical Unit

Case Type	Number of Cases Investigated	Labor Hours Spent On Investigations	Average Hours Consumed Per Case
Homicide	49	4,287.5	87.5
Aggravated Assault	273	6,006	22.0

Step Two: Determining the projected case load hours by case type.

To determine this factor, the following data must be tracked separately for each type of case assigned to the unit:

- Average hours consumed per case (as calculated in Table 1)
- The number of cases assigned for investigation per year each year for the most recent five-year period.

The table below contains the data used for this example.

Table 2 - Projected Case Load HOURS FOR Hypothetical Unit

Year	# of Homicides Investigated	# of Aggravated Assaults Investigated
2001	56	314
2002	42	295
2003	35	322
2004	55	230
2005	49	273
Five Year Total	237	1,434
Five Year Average	47	287
Average Hours/Case	87.5	22
Projected Case Load Hours	4,112.5	6,314

Step Three: Determining the FTE requirement by case type.

To determine this factor, the following data must be tracked separately by case type:

- Projected case load hours by case type (as shown in Table 2)
- Net available work hours per position (as calculated in Attachment

Table 3 has the data for this example

Table 3 - Number of FTE Personnel Required by Case Type for Hypothetical Unit

Case Type	Projected Case Load Hours	Net Available Work Hours Per Position	# of FTE Personnel Required
Homicide	4,112.5	1,538	2.67
Aggravated Assault	6,314	1,538	4.11

Step 4: Determining the total number of investigative personnel needed.

To determine this total, the following data must be available for this hypothetical unit:

- Number of FTE Personnel Required for Homicide Investigations (as shown in Table 3)
- Number of FTE Personnel Required for Aggravated Assault Investigations (as shown in Table 3).

Table 4 illustrates the calculation for this unit.

Table 4 - Total FTE Investigative Personnel Needed for Hypothetical Unit

Case Type	# of FTE Investigative Personnel Needed
Homicide	2.67
Aggravated Assault	4.11
Total All Cases	6.78

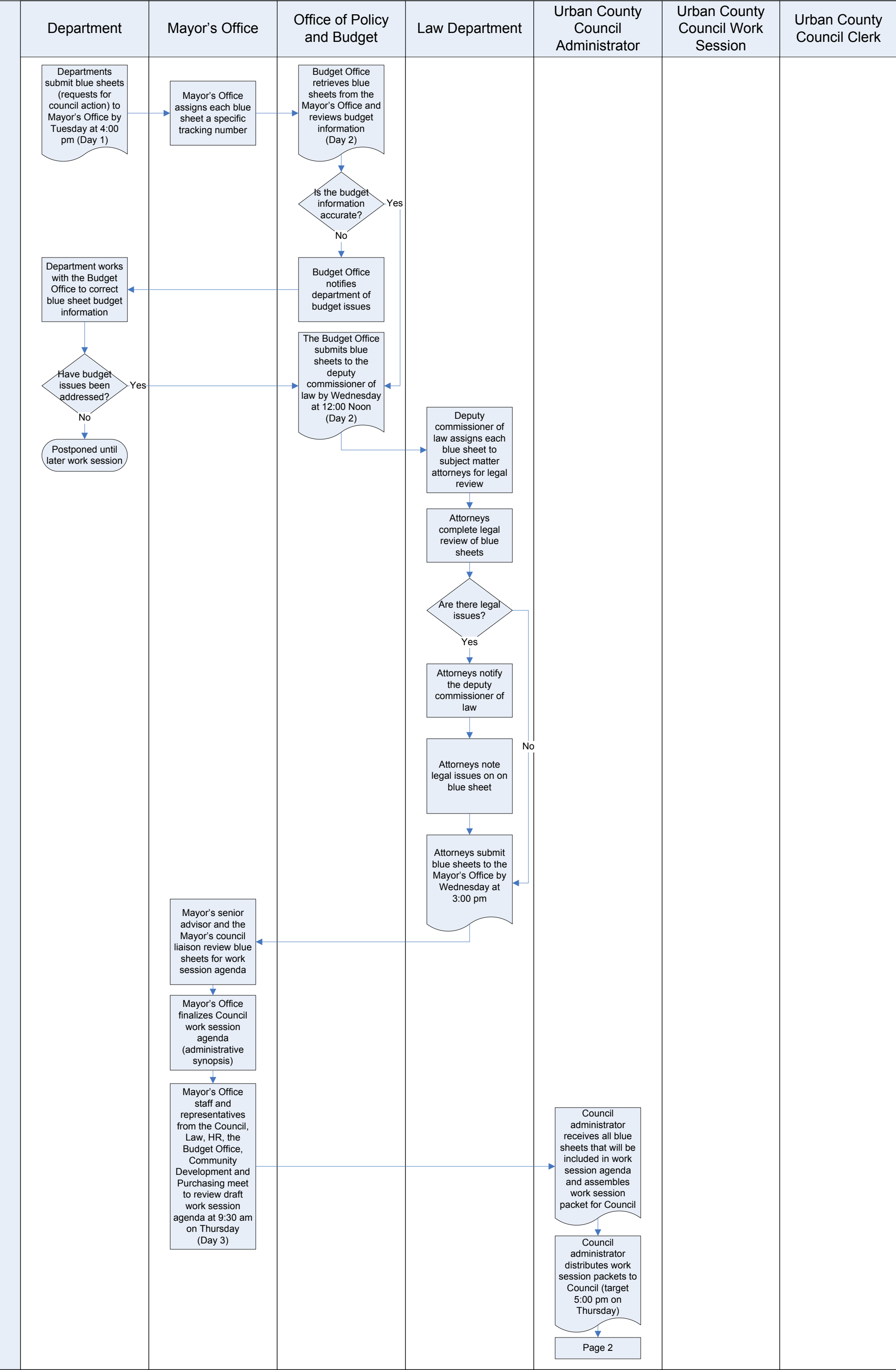
This example illustrates the methodology used to arrive at the number of investigative personnel needed to staff the hypothetical unit, based on the workload data used in the example. In this particular example, the number of investigative personnel needed is 6.78. If the number is not a whole number, as will be the case most of the time, the number should be rounded up or down using the normal rule of rounding up to the next nearest whole number fractions of half or more, and rounding down fractions that are less than half. In this example, the number of investigative personnel would be rounded up to seven.

In addition to calculating the number of investigative personnel needed in a unit using the workload methodology, appropriate provision should be made for supervision and command using standards established for supervision through the IACP. In this case, applying IACP standards of one sergeant for every six to 10 personnel leads to the conclusion that one sergeant should also be assigned to the unit for first-line supervision purposes.

ATTACHMENT N-1 BLUE SHEET PROCESS MAP

LFUCG Blue Sheet (Request for Council Action) Process

VERIFIED – November 5, 2007



LFUCG Blue Sheet (Request for Council Action) Process

VERIFIED – November 5, 2007

